No. 30,088

Wednesday November 19 1986

D 8523 B

#### World news

#### **Soviets** 'direct torture in Kabul'

Soviet officials are often present during torture sessions in Aghanis-tan, according to evidence from former prisoners which is contained in a report by the London-based hu-man rights organisation Amnesty

The report published today says political prisones are still being reg-ularly tortuned by Afghan security forces. Amnesty says many former prisoners state that Soviet officials are present during the torture and often perticipate in or direct the in-terrogation, but leave the applica-tion of torture to the Afghans. Re-port, Page 4, Bombing continues, Page 29

#### Kim II Sung alive

Kim Il Sung, the North Korean President, quashed reports of his assassination when he appeared at Pyongyang airport to greet visiting President Zhumbyn Batmunkh of Mongolia. Page 4

#### French reforms

French political reforms, including the reshaping of constituencies, were endorsed by the country's Constitutional Council. The Chirac Government reforms had been challenged by Socialists.

#### Brazilian talks

President Jose Sarney postponed talks with his senior ministers and instead called in Ulysses Guima-raes, leader of the Brazilian Democratic Movement for discussions on a new economic adjustment pack-

#### Rebel warning

Sri Lanka's Tamil rebels warned residents in the Island's northern region that a new military offensive was imminent after the guerrillas rejected a peace formula por forward by Colombo.

#### Swapo 'raided base'

Namibian nationalist guerrillas (Swapo) said they killed 18 South African soldiers and wounded several more in an attack on a mili-(South West Africa), the official Angolan news agency said.

#### Sanctions rejected

Lucas Mangope, president of the black South African homeland of Bophuthatswana condemned western sanctions against Pretoria, saying they were slowing the process

#### Cyprus conference

Senior Greek Cypriot officials said they would continue to work for an ernational conference on the Cypros problem, an idea which is opposed by the US, as the best way of trying to reunite the divided eastern Mediterranean island. Page 5

#### Narcotics killing

Gunmen in Bogota shot dead Colon-el Jaime Ramirez, the former head of the anti-nurcotics police, who had mounted several major operations against Colombia's cocaine traffickets, police said.

#### Anti-pollution plea

Poland is renewing its efforts to get other Comecon countries to sign a controversial imitual agreement committing them to pay mumal compensation for pollution of waterways arising from industrial socidents, Page 2

#### Mozambican exodus

About 200,000 Mozambieans have About 200,000 moramusers field into Malawi in the past six weeks to escape rebels, said the official Mozambique news agency. It also reported that 44 peasants had also reported that 44 peasants had been hacked to death by rebels in

#### Anti-alcohol drive

Bulgaria announced me turn saloons and taverns into coffee shops and snack-bars as part of a national drive against alcohol.

Business summary

#### Wall St stocks in sharp decline

WALL STREET stocks fell sharply during late trading as caution spread in the wake of the recent insider trading revelations.

By the close of business, the Dow Jones industrial average was down 43.21 at 1,817.21 after being 29.53

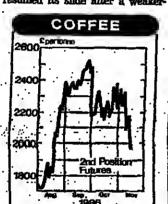
OIL consumption is likely to rise fairly slowly for the rest of this century, putting only moderate upward pressure on prices, according to an unpublished study by the Interna-tional Energy Agency in Paris.

car maker, next year hopes it will sell at least 27,000 cars in the US-a market it quit in 1980 - giving Brit-ain's balance of payments a \$400m boost, said Mr Norman Braman, chairman and major shareholder in Austin Rover Cars of North Ameri-

LONDON'S Stock Exchange Council advised members to contact the Stock Exchange before they have sny dealings with Ivan Boesky, the man at the centre of Wall Street's latest insider trading scandal,

GIORGIO ARMANI, Milan fashior designer, is planning to open 150 Emporio Armani outlets in the US and 30 new shops in Europe. Page 21

COFFEE: London futures market moved higher in the morning but resumed its slide after a weaker



than-expected opening in New York. The January position fell £28.50 to £1,970.50 a transe, giving a fall on the week of £74.50. Page 36

GOLD rose \$0.125 to \$391.25 on the London bullion market. It also rose in Zurich to \$390.95 from \$389.25.

In New York the Comex December settlement was \$394.50.

STERLING fell in London to \$1,4235 (\$1,4285). It also fell to DM 2,8650 (DM 2,8750); Y231.50 (Y232.50); SFr 2,3825 (SFr 2,3925), and FFr 9,3800 (FFr 9,4175). The pound's exchange rate index fell to 68.2 from 68.5 Page 37

DOLLAR fell in London to DM 2.0125 (DM 2.0130). It also fell to Y162.70 (Y162.75) and FFr 6.5000 (FFr 6.5925), but was unchanged at SFr 1.6740. On Bank of England figures the dollar's exchange rate in dex was unchanged at 111.2.

Page 37 TOKYO: Unfavourable infinences receded and share prices staged a moderate rally. The Nikkei average added 65.38 to 17,273.53. Page 44

LONDON: Share prices were again lower on worries about Wall Street and the Boesky affair. The FT-SE 100 index fell 11.1 to 1,517.5 and the FT Ordinary index lost 6.9 to 1,271.6. Page 44

CHINA'S foreign investment fell further in the first nine months to \$2.4bn, down 42 per cent on last

SIEMENS, West German electrical and telecommunications group, planned to pay an unchanged DM 12 dividend for the year ending in September 1986. Page 21

NIXDOBF, West German computer company, boosted turnover by 17 per cent to more than DM 2.8bn (\$1.4bm) in the first nine months of 1986. Page 21

# Action Directe says it killed Renault chief

BY PAUL BETTS AND DAVID HOUSEGO IN PARIS

The killing of one of the most prominent French industrialists

the British Prime Minister, has firmly ruled out further consideration of full UK membership of the European Monetary System until after the next general election.

She said the British economy was not with the price of the state of the st

not "quite strong enough yet" for EMS. "We are getting stronger and one day we will go in," she added,

saying that she would expect to rec-

sider the issue after the election.

Mrs Thatcher's explicit statement

of EMS her doubts about member-

ship contrast with the support for entry expressed by the British Treasury, the Foreign Office and

Her comments were made during an hour long interview with the FT

in her Downing Street study. She

was at her most confident; looking

forward to at least another term in office and "getting rid of socialism as a second force."

Mrs Thatcher must go to the elec-

repetition of what happened before, when we came out of the snake," (the linking of EEC currencies which sterling left in 1972 after a couple of months). When we go in,

we will go in strong and stay in." She repeatedly said that entry

would not be an easy or a soft op-

Mrs Thatcher also argued that

other EEC countries should reconsider the rules, particularly the ret-

the Bank of England. .

borate before June 1988.

to other European terrorist move- which killed 13 people and wounded

nault, the French state-owned car group.

French police said that several witnesses had come forward to confirm that two young women in their twenties had shot Mr Besse at close quarters a short distance from his Paris house on Monday night. But The police appeared to have no choes to the identity of the terrorists.

The killing of one of the most

presents a major test for the at a Renault board meeting next ence to a Macist worker who was French Government's anti-terrorist Tuesday, although an extraordi- killed in rioting outside Renault's nary meeting of the car group's main Paris plant 14 years ago by a forces have yet to arrest any of the

Thatcher rules out

EMS entry before

BY PETER RIDDELL. POLITICAL EDITOR, IN LONDON

next general election

MRS MARGARET THATCHER, ention of exchange controls in most one at the end of her list of priori-

She expressed concern about

comes." She thought the pound would be tested and that would mean "swinging up interest rates very sharply" since "there is no way

you can intervene to any great ex-

Mrs Thatcher thought the pound

had gone low enough against the D-Mark but did not repeat what Mr

Nigel Lawson, the Chancellor of the

Exchequer, has said about raising interest rates if the pound comes under pressure. She underlined has disting of increasing interest rates and market intervention. We may

believe it (the pound) has gone enough but it is what the market believes and you know what the market is: 95 per cent of the move-

ment is speculation and the other 5 per cent is trade."

for the sale of Trident nuclear mis-

The Prime Minister conceded,

however, that following the discus-

sion of possible deep cuts in strate-

gic missiles at the Beykjavik sum-

mit "people were casting doubt" on the issue. "I never had any doubt about it," said Mrs Thatcher. "We

negotiated there very thoroughly."

putting deep cuts in strategic weap-

Mrs Thatcher said that she was

siles to Britain.

Mrs Thatcher stressed throughout that she wanted to join the EMS it to Washington last week for talks with President Ronald Reagan was

hitching our wagon to a D-Mark an agreement on Intermediate Nustandard and all the problems we clear Forces (INF) from the argument to have with devaluation if it ment between the US and the So-

ACTION DIRECTE, the French extremists involved in the wave of new appointment would be formal-himself later killed by left-wing terrorist group with links terrorist bombings in September ly ratified by the Cabinet of Mr extremists. Jacques Chirac next Wednesday.

simility for the murder of Mr The French Government is exnault, the French state-owned car group.

Tributes to Mr Besse poured in all day from politicians, business leaders and unions, including the constitution.

Tributes to Mr Besse poured in all day from politicians, business leaders and unions, including the constitution of the murder of Mr Besse as head of Report of the French rolling the constitution of the murder of Mr Besse poured in all day from politicians, business leaders and unions, including the constitution of the murder of Mr Besse poured in all day from politicians, business leaders and unions, including the constitution of the murder of Mr Besse poured in all day from politicians, business leaders and unions, including the constitution of the murder of Mr Besse poured in all day from politicians, business leaders and unions, including the constitution of the murder of Mr Besse poured in all day from politicians, business leaders and unions, including the constitution of the murder of Mr Besse poured in all day from politicians, business leaders and unions, including the constitution of the murder of Mr Besse as head of Regroup.

ble successor to Mr Besse. The statement was signed "Com-The decision could be announced mando Pierre Overney" - a refer-

ties. Her primary concerns were

viet Union over Washington's SDI

The Prime Minister stres

however, that no agreements were possible without adequate verifica-

ion procedures. This, she main

tained, was very difficult and it would take a long time to sort out

Mrs Thatcher firmly maintained

that no split had developed either between herself and President Res-

year of 1% per cent of gross domes-

was still on the agenda. "At the mo-

further cuts in the higher marginal

rates were not the top priority

Mrs Thatcher said tax reform

or Star Wars programme.

effective procedures,

Since May, Action Directe has made clear that its principal targets would be industrialists carrying out major restructurings in their companies and police officers.

Mr Jacques Maisonrouge, the for-mer head of IBM Europe recently appointed by the Government as the top civil servant in the French Industry Ministry, has disclosed that he believed he was on the Action Directe hit list.

test in its anti-terrorist programme because Action Directe - which announced that it had merged with the West German Red Army Faction early last year - is now be-lieved to be well organised Background and analysis, Page 3



# Fresh move by France to ease currency curbs

BY GEORGE GRAHAM IN PARIS

THE FRENCH Government yesterday unveiled a further relaxation of its foreign exchange controls and a new initiative to stabilise the international currency markets.

with separating the negotiation of Mr Edonard Balladur, Minister of Finance and the Economy, announced the end of "domiciliation," the bureaucratic controls on compa-nies' trade-linked transactions first imposed in 1968. He also announced further relaxation of the currency controls on French citizens travelling oversees.

Banks are also to be permitted to make French franc loans to nonresidents, but subject to restrictions which are expected to prevent any growth in the Eurofranc loans mar-ket already in existence outside

gan or between Europe and the US Administration following the Reyk-Mr Balladur said the aim was javik summit and other, more con-troversial, US foreign policy initiamainly to allow French banks to repatriate to Paris operations which they now carry but in London. There will be limits designed to tie franc leading to non-residents to On other domestic issues Mrs Thatcher expressed caution about the scale of any tax cuts. She argued that the higher public spend-Eurofranc assets held abroad.

The main planks of French ex-change controls - the block on coming planned for next year than "we wished" must be "honestly fi-nanced" as in 1981. She underlined plete freedom of franc lending to the public borrowing target for next French residents holding bank accounts abroad - remain untouched by the latest measures, which are the fourth batch of exchange conment the most urgent thing is peo-ple at the bottom because I think they pay far too much." She said the feeling of the country was that trols removed by the Government since it came to power in March

The Government is not expected to abandon exchange controls entirely until it is more confident about the stability of the franc's ex-change rate against the D-Mark

within the European Monetary Sys-

The exchange control relaxation should bring France immediately into line with the measures agreed by finance ministers in Brussels on Monday intended to liberalise all forms of trade credit, transactions in unquoted securities, and unit

Mr Balladur's package goes beyoud the EEC moves in respect of the French franc loans to nonresidents - albeit within limits. Those might be regarded as purely financial transactions, which are only supposed to be compulsorily sed under the next phase of

Mr Balladur's efforts to promote nternational monetary co-operation, with automatic intervention by central banks to stabilise exchange rates within specified reference zones, are therefore seen as playing an important part in his aim to remove exchange controls entirely.

Mr Balladur said yesterday that:

he was willing to join the recent Japanese American exchange rate agreement and planned to make tries very soon.

"The idea of using zones of refera distant one he said. The moment seems to me to have come for taking a decisive step towards the

Speaking after the half-yearly meeting of the National Credit council; Mr Balladur confirmed a Continued on Page 20

# Laurent acquires **Charles** of the Ritz

THE LEADING French haute couture house of Yves Saint Laurent treated itself yesterday to a \$830m birthday present by acquiring Charles of the Ritz, the fashionable cosmetics and perfume company owned by the US Squibb group. The French fashion designer and

his partner Mr Pierre Berge had long cherished the idea of taking over Charles of the Ritz, which ower Charles of the Kitz, which owns the highly successful line of Yves Saint Laurent perfumes, in-cluding the Opium brand. This am-bition was inifilled yesterday on the 25th anniversary of the foundation of the house of Yves Saint Laurent with the help of a group of healess. with the help of a group of bankers and Mr Carlo De Benedetti, the Italian financier and entrepreneur who recently became a partner in the fashion house.

The transaction is also the third

largest US acquisition by a French group after the \$2.5bm takeover of Texasgulf by Elf Aquitaine and the recent \$1.06bm takeover of Big Three Industries of Houston by L'Air Liquide.
Yes Saint Leurent's hopes of

gaining control of Charles of the Ritz were raised this summer when Squibb said it wanted to shed its cosmetics and perfume subsidiary. To mount the takeover against Japanese and American competition, Yves Saint Laurent teamed up with Cerus, the new French holding com-pany of Mr De Benedetti which has just bought a 25 per cent stake in the French fashion bouse for FFr 255m (\$39m).

Yves Saint Laurent is believed to have made the best offer for Charles of the Ritz against rival hids from Avon Products and Shiseido of Japan. The French group and its Italian partner are being backed in their acquisition by a group of banks including Credit Suisse First Boston, Banque Na-tionale de Paris and Banque Nationale de Paris and Banque tionale de Paris and Banque Indos-

De Benedetti's main holding company CIR plan to set up a new hold-ing company to control the US ac-quisition. The new company YSL-CIR will have a capital of £175m concrete proposals to partner coun- and will be 85.7 per cent owned by Yves Saint Laurent and 14.3 per cent held by CIR International.

The group of banks backing the transaction will advance \$465m in medium and short-term credits and other facilities to complete the deal. Charles Hodgson adds from New York: The sale of Charles of the Ritz is the latest step in a long-term

Continued on Page 20 Armani plans expansion, Page 21.

# Goldsmith defends his role to Congress as a corporate raider

BY WILLIAM HALL IN WASHINGTON

Goodyer, the world's biggest tyre manufacturer, yesterday reacted angrily to allegations that he was an asset stripper and said that he had breathed "vigorous life" into several companies with which he had been associated.

Sir James, one of the most promilengths in testimony before a House of Representatives sub-committee yesterday to dispute the widely held view that corporate raiders like himself were phindering America's prize corporate as-sets.

very heart of its business, competi-tive position and the security of all keep that position for at least one

300,000 barrel a day pipeline linking tivities were detrimental to Ameri-

SIR JAMES GOLDSMITH, the California and Texas, which he said ca. When Congressman John Sei-Angle-French financier who has was "a wholly hmatic idea," liken—berling of Ohio, the grandson of mounted a \$5.3bn bid for control of ing it to a "white elephant crossing Goodyear's founder, questioned his conducty."

But Mr. Robert Mercer, Goodyear chief executive, who was also testifying, hit back, saying the Govern-ment should put restrictions on un-restrained takeover antivity to protect US companies.

While there is still time for our nent corporate raiders prowling nation, I urge you to put some rea-Wall Street, went to considerable sonable curbs on the activity that is sapping more and more of our in-dustrial strength", Mr, Mercer said. The Goodyear chief executive said that anyone seeking to take control of a company should be required to reveal his intentions at the start of the takeover bid, rather He said he had become involved .. than after a significant portion of in Goodyeer because it "had stray- the company's stock has been ed into industries about which it acquired. He also said anyone who knew nothing, jeopardising the gets five per cent or more of a convery heart of its business, competipany's shares should be required to

those associated with it."

He said that Goodyear management had lost its way and was partition to repeated allegations from a cularly critical of its plan to boild a largely hostile andience that his ac-

"Check your facts before jumping to yet another prejudiced conclusion."

He listed several Ohio compa-nies, ranging from the US Playing Card Corportion to the Heekin Can Company, which he had acquired and subsequently sold as part of an earlier acquisition of the Akron-based Diamond International Cor-

They had been sold to investor groups and Sir James said that their sales, profits and employment were all up substantially under

"That is what happens when companies are liberated from tired conglomerates. Up and down the coun try, hundreds of erstwhile stagnant divisions of large bureaucratic cor-porations have been freed," said Sir James, who stressed that corporate raiders created prosperity

Sir James said that he felt as strongly in his views about corporate restructuring as Congressman Seiberling felt about Goodyear.

# ANZ THE WORLDWIDE GROUP

THAT IS EXPANDING

Australia and New Zealand Banking Group, a major international bank with assets of over £23 billion and more than 1600 branches and offices in 47 countries, is constantly developing new services to meet the changing needs of corporate and private banking customers.

We have identified Asset Based Finance as an area of significant potential and in order to expand this business sector ANZ Finance Limited has been established, which with its subsidiaries and operating divisions, will help our clients expand with us.

Through its subsidiary ANZ Humberclyde Limited it will

continue to be active in the agricultural sector, whilst ANZ Industrial Finance Limited will specialise in hire purchase and leasing, particularly for vehicles, industrial machinery and equipment

ANZ Leasing Limited will expand the Group's involvement in major asset based projects and international cross border asset based finance business and ANZ Commercial Finance, an operating division of ANZ Finance Limited, will provide loans for private business in the retail and service sectors secured against freehold property.

To find out how the ANZ Group can help you expand contact us today.

**ANZ Finance Limited** 

Australia and New Zealand Banking Group Limited

#### Europe . . . . . . . . . 2,3 Arrope ..... 21, 22 Editorial comment ..... 18 Companies ..... 21, 22 Eurobonds ..... 24

America ..... 5 Overseas ..... 4 Companies ..... 25

48 Companies ..... 21, 22 Financial Futures ..... 37 

European air fares: heading Lex: London International; into heavy weather ..... 2 Metal Box; CE Heath .... 20

Socialism as second force 18 South African homelands:

Technology: flight path to Afghanistan: Soviet Union

Editorial comment: Insider Management: UK groups trading; UK politics ..... 18 faith in R & D .......... 32

Mrs Thatcher: removing Survey: International fund

supply siders of Ciskei ... 19 Luxembourg ..... Section IV

management.... Section III

Minerva House, Montague Close, London SE1 9DH. Tel: 01-378 2121. Telex: 8812741-4 ANZBKA G.

inched on ea out wing there elanvely cause i c.comi up the Page 41: Desi es order me es supposed es supposed in es supposed in

- 554331 <u>- - 1</u> - 554331 <u>- - 1</u> de la lace de lace de la lace de la : 43 12 23: PS PASES CLEE 12 74 H

efoten Wit O Billion

ration parts

# Two British airlines apply for range of new routes to Europe

Two UK independent air-lines, Air Europe and British Caledonian, are seeking rights to By scheduled ser-vices between Gatwick and a range of European destinanewly-emerging competitive situation in European air transport, writes Michael Donne, Aerospace Correspon-

Air Europe has applied to the Civil Aviation Authority for rights to Paris, Amster-dam, Frankfurt, Geneva,

Brussels, Zurich, Dusseldorf, Milan, Rome and Copen-hagen, British Caledonian is applying to fly to Copen-hagen, Oslo, Stockholm, Athens and Bome. Mr Harry Goodman, chair-

man of International Leisure Group, the parent of Air Europe, said yesterday that its route bid was aimed at bringing the efficiencies of charter airline operations to traditional scheduled routes. Air Europe services would

high aircraft utilisation, strong marketing and high standards of service. Detailed fares were not being revealed just yet, but they would be 15 per cent cheaper at least than existing Club

Mr Goodman stressed that both ILG and Air Europe were convinced not only that the licences would be awarded by the CAA but also that the foreign governments would be obliged eventually to concede the rights to Air

tries.
"There is no half-way house

about our applications," he said. "We want the lot, and said. "We want the lot, and we are prepared eventually to go to the European Court if we are blocked, and go to the Court again and again and again, until we get our way." Air Europe will expand its current fact of two Boeing 737-200s and three Boeing 757s by the addition of four 737-300s by next spring and two further 737-300s in 1988.

would add up to 700 new jobs in Air Europe at Gatwick. British Caledonian said its applications were in fact renewals of bids made some time ago for the rontes involved, but which were rejected by the European governments concerned.

Mr Alastair Pugh, vice chairman of BCal, said that the recent UK initiatives with the EEC transport ministers failed in gaining improved access for British airlines.

BCal, nevertheless, intends to continue to compete vigorously for route opportunities in Europe for the development of our network hub at

He said that BCal's bld was accompanied by plans to apply cheap fares on the routes, at rates substantially below the normal economy return fares. One-Eleven aircraft would be used, but eventually the new A-320 Air-bus would be emplayed.

# Flight plans take off into heavy weather

Tim Dickson on the European seats carve-up

FOR THE past four Mondays an Aer Lingus flight has left Dublin at 9 am, set down a group of Irish politicians and civil servants at Brussels Zaventem airport then taken off again with the remainder of its passengers for the ulti-mate destination, Milan.

mate destination, Milan.

Given the specific requests for a Monday morning service to Belgium by Irish passengers heading for the EEC—and given that Aer Lingus's direct flight from Dublin to Milan has had large numbers of empty seats during the winter months—this "triangular" route would appear to be a sensible

But under the current government - to - government regulations governing EEC airlines, putting on a new

Denmark plans

EEC drive to

curb pollution

Minister of Agriculture.

By Hillary Barnes in Copenhagen

DENMARK is to launch a plan in

She said the scheme would be

based on Denmark's own plan to curb the pollution of Danish constal

waters by nitrogen and phospho-

terday called on the Government to

submit a plan by February 1 pext

year for halving the emission of ni-

trogen wastes from agriculture, in-

dustry and households over the next three years and to cut phos-

The Folketing's action follows the

discovery this autumn of areas of

coastal waters in which life was suf-

focated by de-oxygenation

the same period.

A resolution in the Folketing yes-

the EEC to curb pollution, according to Mrs Britta Schall Holberg, the year.

The plan has already run into opposition from the Belgium Government and its state airline Sabena, who claim that it contravenes a 1981 agreement between Belgium and Ireland carving up tha number of seats each airline can sell on the Dublin to Brussels route.

the new service should operate until March but only if Aer Lingus considers concessions on its side which would even out what the Belgium earrier sees as a new competitive disadvantage. While it is not clear that

BY TIM DICKSON IN BRUSSELS

Aviation Minister, yesterday reaf-firmed Britain's determination to

win agreement on its airline liberal-

isation proposals before the end of

In a markedly more upbeat mood

than at the end of the last unsuc-cessful meeting of EEC transport ministers earlier this month, he

told journalists in Brussels yester-

day that there were tentative signs

that "obstructive" member states

might be moving towards Britain's

This month's EEC transport

council ended in disarray when on-

strictive conditions on discount and

deep discount fares. However,

hopes were raised by the fact that

there seemed to be a clear majority

in favour of the other two elements

MR MICHAEL SPICER, Britain's of the "package" – outlawing those Aviation Minister, yesterday reaf-firmed Britain's determination to ments which enable airlines to

Aer Lingus's plans would automatically be sanctioned under the modestly reformist British proposals for EEC aviation curpreposals for EEC aviation currently before the Community's Transport Ministers, the case illustrates the sort of legal restrictions which those attempting to make European airlines more efficient hope will one day

The major British ideas on which agreement foundered last week are for more flexibla conditions on discount and deep discount fares, an end to rigid 50/50 hilateral capacity sharing deals, and extra scope for air-lines to introduce new services

carve up sents on a particular route

on a 50-50 basis and allowing air-lines to challenge established op-

Mr Spicer and Mr John Moore,

UK Transport Minister, will be hop-ing to capitalise on any change in

sentiment in the next couple of weeks during a series of bilateral

negotiations aimed at convincing

the six countries against reform of

Mr Spicer also went on record for

the first time yesterday to indicate

that special transitional measures

could be applied to Greece, one of

the member states most hostile to

more airline competition. Addressing a lunch in Brussels, he said: "We

clearly cannot have the develop-ment of Europe held up because of

the merits of their arguments.

erators on existing routes.

stops, aetting down and picking up passengers en route to a final destination.

As a small country on the periphery of Europa with a relatively limited number of aircraft tha issue is central to Duhlin's ultimate approval of any liberalising package.

of points"--Euro-jargon for the automatic right solely to set passengers down at an intermedi- tive.

principles at stake in the dis-pute over the Brussels-Dublin a position to capture. Monday morning service.

Until recently Irish passengers wishing to fly to Brussels on Monday morning had to board an Aer Lingus flight to Amsterdam, then eatch a connecting RLM flight to the Belgian capital.

Tha inspiration for the new direct service to Brussels was ironically only provided when KLM changed its schedule for Ireland's Transport Minister. KLM changed its schedule for Mr Jim Mitchell, has never-domestie reasons, unwittingly thaless indicated that as an stranding the Brussels-bound interim measure he would be Irish passengers half-way to prepared to accept "combination their destination and leading to direct passenger demands to Aer Lingus to find an alterna-

five flights a week, against Sabena's three, with six for the Irish airline in the summer and three for Sabena.

Sabena claims that the Mon-

no provision as in some other

threatened to prevent the Mon-day morning service going ahead but changed its mind when Aer Lingus pointed out that bookings had already been

An uneasy truce now exists. A Sabena spokesman said last night that there had not been represents a change to the 1981 agreement. "The flight is going ahead pending negotiations between the Belgian and Irish

/e-up

An Aer Lingus spokesman
elaimed yesterday that the
new service is thus aimed
ate stop. This is one of the at existing traffic which Sabena

He explained that the new arrangement enables Aer Lingus to use the Milan-bound aircraft more efficiently, with consequent savings in fuel costs and wages for crews.

Sabena, however, countars that the extra flight con-travenes the agreement signed hy the Irish and Belgian Governments which lays down schedules for the Brussels-Dublin route on a roughly 60/40 seat sharing basis in favour of the Irish.

In winter it gives Aer Lingus

The deal does not cover fares, which are negotiated separately and are identical for both

day morning flight will push the Aer Lingus share of seats from around 60 per cent at the moment to nearly 75 per cent of the total. Sabena is looking for compensation in the form of coocessions elsewhere.
Under the 1981 deal between
Ireland and Belgium there is

bilateral agreements between airlines for "pooling" the re-venue from tickets on a nego-tiated basis.

The Belgian airline initially

# Turkey-US accord nearer on defence and economic aid

BY DAVID BARCHARD IN ANKARA

However, Mr Perie le Man TURKEY AND the US appear

programmes from last-minute changes by the US Congress. The US position is that such a guarantee is constitutionally imposible to give. Last week, however, Mr Richard Perle, the US Deputy Secretary of State, met Prime Minister Turgut Ozal and is reported to have undertaken that the US would try to provide more medium term commercial credit and to convince the other. Nato members to do the same. Turkey is facing mounting difficulties with its belance of payments after the collapse of payments after the countries of its best export markets in the Middla East. It seems increasingly probable that the Government will have to approach the IMF next spring to negotiate the first stand-by agreement for three years.

TURKEY AND the US appear to be nearing agreement on a new defence and economic cooperation agreement (DECA). after 14 months of sometimes acrimonlous bargaining, but on terms which fall far short of Ankara's original expectations.

The last the managed of the property of the interest charged on the interest charged on the foreign military sales backing the property of the propert which fall far short of in the interest charged on the state or single expectations.

The last five-year agreement to have proposed a reduction of debts. Mr Peric is reported to have proposed a reduction which would save Turkey of \$800m in debt repayment, the use of the state o

which would save Turker of \$800m in debt repayment.

The US wants Antara is accept a side letter to the formal DECA treaty. Under this arrangement, the body of the treaty would continue virtually as at present, while the new US offers would be centrained in the letter which would be presented by Mr. Geometry Shuitz, the US Sometry of State, of the Turkish Horsey Minister. Mr Vehit Helefaging during a visit to Washington early in the New Year.

It may take the Turks some time to make up their minds whether to accept this latest offer. Turkey is a key strategic ally of the US and elections intelligence operations of the past year seem to suggest that the negotiations of the past year seem to suggest that Turkey's bargaining nower is much less than it believed it the outset.

#### Poles seek Comecon pact on pollution compensation

BY CHRISTOPHER BOBINSKI IN WARSAW

to persuade other Comecon countries to sign a controversial agreement committing them to pay mutual compensation for pollution of waterways arising

from industrial accidents.

Mr Jerry Urban, the Government spokesman, said Poland ment spokesman, said Poland first made the suggestion in 1984. It had been given new about the lack of warning impetus by an oil spill in Czechoslovakia last week when Poland's hard currency surfue escaped into the river Oder year amounted to \$757m, latest, which runs through Polish ter-Government figures show. Hard currency exports were 2.7 per

POLAND IS renewing its efforts ever, he implicitly criticised the Czechoslovaks for not warning Poland about the accident by saying that warning springs in such cases were inadequate.

In the summer Poland made no claim on the Soviet Union for damages arising from the Chernobyl nuclear disaster but

ritory. currency exports were 2.7 per "A commission is assessing cent down on the same period agreement. "The flight is going the cost of the damages." Mr last year, while hard currency ahead pending negotiations between the Belgian and Irish aviation authorities," he said.

A commission is assessing that the said is as a said

schedule like this is seldom straightforward.

As things stand, Sahena is understood to have agreed that —this "triangular" route would appear to be a sensible solution for all concerned.

next three years and to cut phos-phorous wastes by 80 per cent over British plans for relaxing the re-

be swept away,

UK 'determined' on air fares

sary derogations." He added later that at present he could see no circumstances in which such exemptions could legiti-mately be granted to other member

individual and specific practical dif-

ficulties in, szy, the Greek islands, We are ready to support the neces-

Mr Spicer, however, also repeated that the present proposals were Britain's bottom line and that there was no room for further compromise. Ministers are known to have been hurt by the bitter criticisms of some consumer groups, who have claimed that the ideas now on the table are a "sell out" to airline customers and fall far short of radical reform.

The success or otherwise of negotiations in the next few days will determine whether Britain puts the



airlines issue on the agenda of the December Transport Council, or indeed whether it will be formally discossed at the EEC summit early

# **Business Pages.** It isn't such heavy going.







Finding information in some business directories, can be like finding a needle in a haystack.

Business Pages however, has been carefully designed to solve business problems, not create them.

For example, when you know the name of a company, but not the address and telephone number, you'll find the information under alphabetical listings.

And Business Pages has more listings than most of its larger competitors. There's also an identical index front and back. So

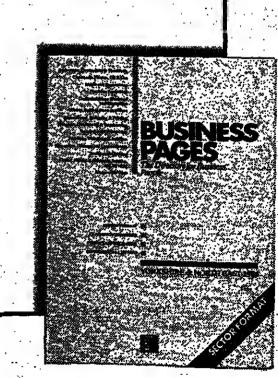
whichever end of the book you start, you'll find what you're

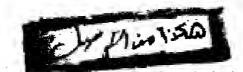
looking for

And to save you time, we've designed a useful 14 sector format. (Under 'Building and Construction' for example, you'll find everything from drainage pipes, to chimneys.)
Business Pages is published in seven convenient geo-

graphical editions. Each relates to one of the major industrial/ commercial centres in Britain.

If you're based in one of these areas, every year we'll send you your first local copy free (unlike most of our competitors). So why use a Business directory that's heavy going, when you can use one that really pulls its weight?





# French to pay more for health services

AN INCREASE in hospital charges payable by patients and the removal of most vitamins from the list of subsidised medicines were among the measures announced by the French Government vesterday in achieve ernment yesterday to achievo FFr 9.3bn (£1bn) of savings in bealth spending.

in bealth spending.

The measures announced by Mr Philippe Seguin, the Minister of Social Security and Employment, are intended as a prudent rationalisation of health expenditure which in no way calls into question the principle of the social security system.

principle of the social security system.

Defying members of his own party who would like a more fundamental review of social security spending. Mr Seguin omphasised that the measures had been odopted after the closest consultation with representatives of employers and union organisations.

In France, the social security of the system o

In Franco, the social security system is run as a partnership by both sides of industry—though repeated doficits in the social accurity funds have forced growing government intervention.

Mr Seguin said that the spending cuts had been taken in the context that health spend-

medicines.

Under the measures announced yesterday patients will be expected to pay FFr 25 (£2.65) a day compared with FFr 23 (£2.44) currently as living expenses in hospital. The Govornment had earlier sought to raise the charge to FFr 31 (£3.29) but now intends to initiate an inquiry into relating patinet charges to the type and length of treatment.

patients will no longer be ablo to collect refunds on non-essential, "reassuring" essential, modicines.

Among other changes decided by the Government, or agreed with unions and employers, are reductions in sickness benefit in certain circumstances, the in the context that health spending hod risen by 9.9 per cent last year and would rise a further 5.2 per cent this year. Ho said that the national health insurance fund which is funded largely out of social security in certain circumstances, the abolition of free postage in correspondence with the social security authorities and a reduction of exemptions on prescription payments for patients in certain circumstances, the abolition of free postage in correspondence with the social security authorities and a reduction of payments for patients in certain circumstances, the abolition of free postage in correspondence with the social security authorities and a reduction of payments for patients.

#### Bonn cool to taking new sanctions against Syria

BY DAVID MARSH IN BONN THE WEST GERMAN GOVERN-

ensation

200 mm

728 Mg

Garage Mag

ment is damping down expectations that it will decide any new sanctions against Syria, what-ever the ontcome of a trial of alleged terrorists currently under way in West Berlin.

Bonn has said its attitude towards Damascus will depend on whother conclusive evidence comes to light in the trial of on whother conclusive evidence comes to light in the trial of Syrian complicity in a March bombing in Berlin. The proceedings started on Monday, Nezar Hindawi, who was falled

ceedings started on Monday, and a verdict is expected on November 24.

Officials said yesterday it was unlikely that West Germany would go much further than its actions decided, along with 11 off the 12 EEC members on to police an earlier confession of the agreed to ban all new arms sales to Syria and to suspend high level official contacts. This fell well short of measures sought by Britain to back up

its breaking of diplomatic relations with Syria as a result of the latter's involvement in the attempted blowing np of an El Al airliner at Heathrow Air-port last April.

The West Berlin trial involves

two Jordanians accused of planting explosives at the West

#### Cypriots in peace pledge

BY ANDRIANA IERODIACONOU IN ATHENS SENIOR Greek-Cypriot officials travelled to Ankara and Athens said in Athens yesterday that are reported to have informed they would continue to work for the Courint Government that an international conforence on

the Cyprus problem—an idea opposed by the US— as the best way of trying to reunite the divided eastern Mediterranean island. The officials were accompanying Mr Spyros Kyprianon, the Cypriot President, who arrived in Athens to brief the Greek by the Sov

the Cypriot Government that soundings of Security Council mombers by the UN Secretary-General, Mr Javier Perez do Cuellar, had revealed that the idoa of an international con-ference on Cyprus was not

Cypriot President, who arrived in Athens to brief the Greek Government on the results of o visit to Nicosia 10 days ago by two special UN envoys concerning the Cyprus problem.

The UN officials, who also

#### Industry urges action on Irish public deficits

BY HUGH CARNEGY IN DUBLIN

THIS YEAR has been "a year of crisis" for Irish industry and the Government must act quickly to control rising zublic deficits and dobts to restore expansion of output and employment tha Confederation of Irish Industry (CII) said yes similar measures until the

Irish Industry (Ci1) said yesterday.

In its submission to the Fine Gael-Labour coalition on the 1987 budgat due in January, the CII said manufacturing output in 1986 would be no higher than last year, while manufacturing employment was set to fall by about 9,000 from 185,000 between mid-1986 and mid-1987.

Meanwhile, manufacturing investment was starnant.

wearwhile, manufacturing investment was stagnant.
This situation in large measure reflected the high current budget deficit this year, projected at obout 1£1.5bn (£1.4bn), or 8.5 per cent of Gross National Product, and the

FINANCIAL TIMES Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, P. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. RAF McClean, C. Palmer, London-Printer Frankfurter-Societies-Druckerer-Gunhi, Frankfurt/Main. Responsible editor R. A. Hasper, Frankint/Main. Guiolletistresse 54, 6000 Frankint am Main L C The Financial Times Ltd, 1986.

14 East 60th Street, New York, N.Y.

The Financial Times Ltd. 1891.

FINANCIAL TIMES, USPS No. 199840, published daily except Sundays and holidays. U.S. subscription rates \$365.09 per summ. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FTMANCIAL TIMES, AVENT WITH STREET, New York, N.Y.

of GNP.

The CII recommended cutting the deficit initially by 1£400m, or 2.5 per cent of GNP, a year over two years, followed by similar measures until the deficit was eliminated. A similar drastic adjustment had been successfully achieved in Denmark since 1982, it said.

The CII's recipe concentrates on public expenditure cuts of more than 1£300m in the first year. The coalition is talking of a similar figure but such heavy cuts have always been ducked in the past and are bound to meet resistance in the

bound to meet resistance in the public scator and from trade

Irish industry suffered badly this year from falling competitiveness caused by the weakness of sterling and the dollar, its major trading currencies, which pushed up domestic interest

The CII said Ireland should stay in the European Monetary System, despita the difficulties caused by trading beavily in caused by trading beavily in currencies outside it. But com-panies should be allowed to borrow in European currency units with exchange risks government-guaranteed until Irish interest rates converge once more with European aver-

Other mended by the CII include private investment in state enterprises, cuts in high electricity and telecommunications charges and a one-year suspen-sion of social insurance payments on new employees.

#### **EUROPEAN NEWS**

# Quick decision likely on Besse successor

BY DAVID HOUSEGO ACTION DIRECTE,

ACTION DIRECTE, the French terrorist group which

yesterday claimed responsibility for the murder of Mr Georges Besse, has been in-volved in at least three other recent assassination attempts

in France and in numerous bomb attacks on public build-

Since early last year it has had formal links with the West German terrorist group,

the Red Army Faction, and close ties with similar move-ments in Belgium and Italy.

Its targets have included a range of international institu-

tions and multivational com-panies in Paris, defence in-dustries, military officers and more recently businessmen-

in other words organisations

French police believe that in the summer they uncovered

one wing of the movement when they caught Andro Olivier, one of its leaders, in Lyons. His arrest and the dis-

covery of a mass of documents

or people symbolic of "Western imperialism."

Terrorist group's range of targets grows steadily wider

in his flat led to the capture of 12 other members.

But the more extreme "in

forged links with other European terrorist move-

ments, so far seems to have

political assassinations occurred in early 1985 at

about the same time that it "merged" with the Red Army

Faction. It then murdered General Bene Andran, the

head of equipment purchasing

Action Directe's shift to

ternational wing."

eluded investigators.

THE FRENCH Government is expected to move swiftly in naming a successor to Mr George Besse, chairman of the group which is in tha midst state-owned Renault motor group killed by terrorists on immediately obvious candidate.

The company was in a state owned mental in the problem of Mr Besse's succession had not an expected for payment and in an overinding on a statedy may have been an issue inside the measures an noting on a stated increase over 10 years in medicines.

Under the measures an noting of a day company with the french Cabinet which meets to go a delicate and complete the state owned and also a to review the employment situation in the French Car division. Remault is expected to find in the French Car division in the French Car di

In the French armed forces. Since then, it has made un-

successful attacks on a senior military officer and in April against Mr Guy Brana, the vice-chairman of the French

employers' association. The attack on Mr Brana marked a further shift in strategy towards including prominent

Among institutions and companies that have been the

target of bomh attacks have been Peugeot, Thomson, Pechiney, and the OECD,

buildings in Paris.
Statements by Action
Directe have been couched in

a Marrist jargon of "imperialism" and "oppres-sive forces." Though Action Direction was helloved at one

time to have provided logistical support to the

Armed Faction group responsible for the September bomb attacks in Paris, its links with Middle East terrorist groups

Revolutionary

Lebanese

Nato faces plea on talks over troops

MR VICTOR KARPOV, chief Soviet negotiotor at the Geneva arms talks, said yesterday that the Warsaw Pact was about to issue an appeal to Nato for direct contacts on limiting and reducing conventional forces in Europe, Reuter reports from

The appeal would be issued following yesterday's previously unannounced meeting in Sofia of a special Pact working group. This had been set up to study ways to implement proposals put to the West last Juno on sweeping cuts in the armies and conventional weaponry of tha two blocs in Europe

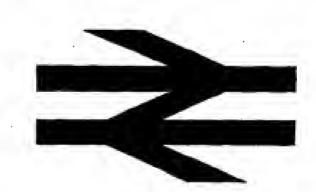
Ho said there had been no reply from Nato to the June proposals issued after a Warsaw Pact summit meeting in Budapest, and Western officials simply said thoy were still being children.

The proposals suggested mutual reductions in land and air forces as well as of factical ouclear weapoury by the two blocs, starting with troop reductions on both sides of from 100,000 to 150,000 men.

In recent weeks, Soviet offi-cials have insisted that the pro-posals if implemented would holp Western European countries ovorcome their fears of any total withdrawal of US medium-rango missiles from







#### THESE ARE LESSER KNOWN NAMES!



Plessey had an urgent need for extra space in several locations. We arranged a package deal for 2-storey system buildings for some locations and provided temporary buildings with our new instact

Plessey, Thistle Hotels, British Rail and Lesser, know each other very well. But these are just three examples of instant solutions to pressing accommodation problems.

With their extensive R & D programme, Lesser Building Systems provide up-to-the-minute product development in all facets of panel and Volumetric System Building. Lesser Hotel Units are just one example—the new Executive range is another. Developed by Lesser and using GRC, the Executive building provides the smart answer to instant accommodation. Birds Eye Walls chose Lesser Executive for their 720 m2 high-tech office and Laboratory complex at Lowestoft.

To find out more about Lesser Building Systems and how you can Hire, Lease or Buy Lesserjac, Instacom and the new Executive range, just fill in the coupon. What you receive will surprise you.



Thirstle first at Donington Lesser's Volumetric Hotel Units were chosen for the East Midlands airport's first botel, the Donington Thistle. With 12 bedrooms delivered on site (and on time) complete with all electrical and plumbing services and bathroom fittings, Lesser Rotel Units are a cost effective alternative to traditional build.

More about the Lesser Group

Just as surprising is what you'll learn about the Lesser Group as a whole - a substantial and broadly-based property and construction company,

family-owned and very professionally managed. The in-house resources of the Group cover all the relevant management, creative and technical disciplines and experience to attract more and





Beitish Rail trains at Waterloo British Rail's extensive efforts in staff training led to the building of no less that 1660 square metres of instacom, clad in Colourcom Stee sited on a bigb level viaduct by Waterloo Station. A perfect platform

more names in a wide range of business. Lesser is rapidly becoming one of the names to

To: Lesser Building Systems Ltd, Verwood, Dorset BH21 6LB Tel: 0202 824141

I'd like to know more about Lesser, Please send me details of your Building Systems and keep me in touch with future plans.

THE LESSER GROUP OF COMPANIES - DEVELOPING RELATIONSHIPS LESSER HOMES, LESSER DESIGN & BUILD, LESSER LAND, LESSER BUILDING SYSTEMS.

# North Korea leader's reappearance fails to quell speculation

paign.

tions of decest, it is generally accepted in Seoul that the South Koreans accurately

reported the contents of the

broadcasts, leaving two pos-sible explanations: that the broadcasts are the result of a

severe power struggle involving the North Korean military, or that they are part of an elaborate disinformation cam-

Speculation of trouble within

the military has been fuelled by the failure of Mr O Jin U,

to appear at recent public functions.

Diplomats are suspicious of

Diplomats are suspicious of this theory, however, because of the lack of any prior evidence that a serious problem had emerged within the North Korean leadership. It is also unclear how the broadcasts could be linked with any power throads.

struggle.
The incident has already

seriously undermined the inter-national credibility of the South

Korean Government, because

although rumours of President

Kim's assassination appeared in Japan at the weekend and had

been reported in Seoul, it was

Despite the restrained tone

THE public appearance of President Kim Il Sung of North Korea at Pyongyang airport yesterday to greet visiting President Zhambyn Batmunkah of Mongolia has failed to quell speculation about events in his rigidly controlled, closed

Reports of his death, including the statement on Monday by the South Korean Defence Minister that loudspeaker Minister that loudspeaker hroadcasts from North Korea had said Mr Kim had been shot and killed aroused speculation that he had been assassinated by dissident factions in the

The loudspeaker reports con-The loudspeaker reports continued until yesterday, the minister said, and later included an announcement that Mr O Jin U, the North Korean Defence Minister, had taken control of the Government, and that a mutiny had taken place in an un-named North Korean

Analysis of North Korean affairs continued to be puzzled by the hroadcasts, apparently aimed at the South and clearly at variance from North Korean the official statement of the radio news broadcasts, which claimed that all was normal which created international in-

No independent confirmation of the loudspeaker broadcasts of the South Korean state-was available from US military ments, Seonl's ability to interofficials on the demilitarised pret accurately intelligence zone between the two Koreas. from North Korea is now in Despite North Korean accusa- question

#### **Amnesty** says Soviet officials see torture By Our Foreign Staff

SOVIET officials are often present during torture sessions in Afghanistan, according to evidence from former prisoners which is contained in an Amnesty International report published teday.

The report\*, says political prisoners are still being regularly tortured by Afghan security forces. Methods used include beatings, electric shocks to sensitive parts of the body, being burnt with eigarettes and hair being torn from the scalp.

Amnesty says that many Afghans. One prisoner is quoted saying that Soviet

spread arrest of government officials, teachers, businessmen and students, including many women. Some are said to have resorted to violence in opposing the Government; others have been arrested merely on suspicion of con-tact with the armed opposi-

" pattern of torture and other ill treatment of prisoners," it says, with widespread viola-tions of international law and Afghan law taking place in government interrogation centres, both in Kabul and in provincial cities, as well as in prisons and military posts.

for several months without access to family or lawyers, and are later released without being charged or tried.
Others are tried in special revolutionary courts with no access to defence counsel, and without being allowed to

cern over torture and other human rights violations; \*Afghanistan: torture of political prisoners. £2.50. Amnesty International, 5 Roberts Place, London EC1R OEJ.

#### Build-up in conflict throughout Afghanistan

By Mohammad Affab in islamabad

HEAVY FIGHTING was reported from three key areas of Afghanibetween anti-Communist guerrillas and the Afghan regime and Soviet troops, Western diplo-mats said in Islamabad yesterday. Kandahar, Tadhar and Baghlan

were the areas where the fighting

was concentrated, the sources said The guerrillas have suffered heavy casualties along with civilians at Peshnul in the south-eastern province of Kandahar as a result of extensive bombing. Afghan government troops suffered 275 dead, including five officers. The losses include 150 dead at Panjwai and Argandab last week. Another 120 troops were killed at Peshmul five days ago. A total of seven So-viet helicopter gunships were shot down by the guerrillas, two of them

Western diplomats said several thousand troops were engaged in fighting at Takhar, north of Kabul, between November 3 and 9.

Some of the heaviest lighting took place in the villages of Rustan and Nowabad, and there were "many casualties" on both sides. Two Soviet bases at Nowabad and Rustaq were also destroyed by the

Most of the 120 troops at a mili tary post at Nuri in Baghlan prov-ince, north-west of Kabul, were reportedly killed on the night of November 12 when the guerrillas overran the post.

Several Soviet soldiers were killed at Khitan on November 7 in the same province. Soviet and Afghan forces have

launched major attacks against the Moslem guerrillas throughout Af-ghanistan, and Western diplomatic sources said reports from Afghanistan described heavy fighting in the north, south and east of the country, AP reports from Islamabad. The report said that thousands of

Soviet and Afghan government soldiers, backed by tanks and large formations of aircraft, had been at-

tacking guerrilla positions.

Some of the heaviest fighting was in the south-east city of Kandahar where guerrilla fighters and Soviet troops have been locked in street battles and where many civilians have been killed in bombardments and air raids, the sources said.

# South African car plant strike ends after company ultimatum

BY ANTHONY ROBINSON IN JOHANNESBURG

Reserve Bank switches

US deposits to Europe

THE SOUTH AFRICAN Reserve the US into dollar accounts with UK

Bank has closed its commercial and European banks in recent

BY OUR JOHANNESBURG CORRESPONDENT

90 per cent of the 2,400 workforce arising out of GM's disinvestment returned to work in the face of a and management buy-out.

company ultimatum which expired The union's bargaining hand was company ultimatum which expired

continue the strike have been dis- ers in the area following the closure missed although 80 of the 565 work- of Ford assembly plants last year ers dismissed earlier for taking part and widespread layoffs in compo-in an illegal sit-in have been re-em-nent plants. ployed and re-instatement applications for another 350 are being pro- al Union of Automobile and Allied

bank accounts in the US and

switched foreign currency deposits

to European banks in response to

the US comprehensive anti-apar-theid act which came into effect on

This follows similar precaution-

ary moves by South African com-mercial banks which are not affect-

ed by the law prohibiting US depos-

it-taking institutions from holding

or receiving deposits for the South

African Government or any of its

THE STRIKE at General Motors ber 29 and lasted 13 working days. plants in Port Elizabeth, South Afri- was fought over union demands for ca, ended yesterday as more than severance pay and other claims.

undermined by the presence of The 219 workers who decided to thousands of unemployed car work-

The company has told the Nation-Workers that it will not re-employ cessed, the company said. Workers that it will not re-employ The strike, which began on Octo- strikers who were proven to have

Confirming the Reserve Bank's

move, Governor Gerhard De Kock

said that the homework on alterna-

taken part in acts of violence or inti-

At least 80 of the several hundred job seekers who thronged the gates seeking employment during the strike have been employed, but the total numbers will depend on the number of dismissed strikers re-en-

gaged.

Costs of the strike are still being calculated, but apart from 13 days lost production the stake also caused a two-month delay in the plauned launch of the Opel Monza model which will now take place in

#### 'Anti-Yank' warning to US envoy

MR EDWARD PERKINS, the first black US ambassador to South Afri-ca, arrived yesterday to take up his post, Reuter reports from Johan

tive arrangements was done during The pro-Government Citize the International Monetary Fund newspaper greeted Mr Perkins with an editorial warning that autimeeting in Washington in September and put into effect following the Yank feeling" was growing in South Congressional overthrow of President Ronald Reagan's veto.

Mr Perkins, a career Foreign Ser The Reserve Bank has not taken vice officer who most recently was steps to switch its deposits with the US ambassador to Liberia, was US Federal Reserve Bank. These sworn in nearly two weeks ago as ambassador to Pretoria. Commercial banks are believed appear to be unaffected by the sanc-to have moved up to \$300m out of tions legislation.

Mr George Shultz, US Secretary of State, told Mr Perkins at the Washington ceremony that his task was to help bring South Airleans to-gether to negotiate a truly democratic state.

"Americans should know that South Africans are . . . quite capable of ordering their own affairs with out US interference and will close ranks in the face of sanctions and other attempts to crush them." the

Johannesburg based Citizen said. Last month, the US Congress adopted tough economic sanctions intended to pressure Pretoria to abandon its apartheid system. The paper said that, following the impo-sition of the sanctions, relations were at their worst since the days of former President Jimmy Carter.

"Go Home Yanks' will become a more persistent cry unless the Yanks leave us alone to get on with zeform in our own way, which is the only way that matters," the newspa-per added.

labour laws By Chris Shorwell in Perth

> Zealant's relevant Fina Minister, yesterday realities his Government's aim of introd ting new industrial relation legislation by the end of the year The commitment, made at its international system. The commitment, made at it international system in a series of reforms which have already begun deregulating. New Zeeland's financial, hade

But it came as arguments heated up in Wellington between the Government and trade union movement over its industrial ac-

ME ROGER DOUGLAS, Non

N. Zealand

committed

to new

more labour rigidities in balls the private and public sector element of the plan is expected to include the plan is expected to include the idea of "cash limits" in leaf with pay claims. The discussion paper on the proposal was only released last month, suggesting that the Government's timetable for legislation is stort.

If Douglas said yestering is was constituted that greater industrial relations flexibility be introduced in both private and public sectors. At present, the against

sectors. At present, the tops was too rigid to ensure the wa-force played a part in econo-

now taking place, he said, major selfleatests had to reflect changing demand patterns for labor in order to encourage job skills out of areas of declining profits.

#### Tanker attacked

A LIBERIAN-registered trains was set on lire in a missile situal was set on live in a misaile strack in the southern part of the Golf on Monday night, but the Bre had been almost entinguished early resterday, Japanese shipping sources said, Renter reports from Tokyo.

The fire on the 37,500 tou. Crown Hope was brought assist control by four tags, the sources said. The 26 crew, who compet on hoard a rescue tog bout, have returned to the ship, which is now anchored and unable to sail, they said.

#### Japanese machine tool industry may seek aid

BY IAN RODGER IN TOKYO

JAPAN'S machine tool industry, US, has just agreed to reduce which had record turnover and its shipments to the US of profits last year, is about to apply for government aid with

restructuring.
The industry's sales and profits have been hard hit this

machining centres, numerically controlled (NC) lathes and to 1981 levels.

This will mean significant year by the rise of the yen. For example, Okuma Machinery more than a third of its Works, one of the leading producers, recently reported a 6 year, and about half of its per cent drop in sales and a exports went to the US. Japan-63.5 per cent drop in profit in ese producers' share of the US the six months to September 30. market for machining centres The outlook is worse. The and NC lathes has grown from industry, under the threat of protectionist legislation in the since 1981.

former prisoners say that Soviet officials are present during the torture and often participate in or direct the interrogation, but leave the application of torture to the Afghana that prisoner to

officials gave orders for him to be subjected to repeated electric shocks.

Amnesty details the wide-

tion.
The testimony of many former detainees reveals a

The report says many detainees remain in custody

call witnesses.

Amnesty has written repeatedly to the Achan Government to voice its con-

#### Leader of troubled black enclave dies

CHIEF MINISTER Simon Skosana, side of Mr Skosana was killed in a who dropped plans to accept inde- car-bomb explosion, the homeland pendence for the South African legislative assembly reversed its dehomeland of Kwandebele after cision and decided against indepen-scores of people died in violence this year, has died after a long ill-Last week, two principal foes of ness, AP reports from Johannes-

hurg. Mr Klaas Misweni, the Minister of Works and Water Affairs, has been appointed acting Chief Minis-

Many people were killed in fight-ing in Kwandebele, a poor and overcrowded enclave of 232,000 blacks north-east of Pretoria, over Mr Sko-In August, shortly after a key

independence, Prince James Mahlangu and Prince Andries Mahlangu, were detained by homeland po-lice. That unmented specialist lice. That prompted speculation that Kwandebele officials were reconsidering whether to become the fifth homeland to accept independence from South Africa.

However, the South African Press Association quoted South Afsana's plan to accept independence rican officials as saying there were from South Africa on December 11, no plans to go ahead with indepen-

> market, you need accurate information and you need it fast. Hexagon, HongkongBank's corporate electronic banking system, brings instantly to your

> > your office.

Hexagon will keep you informed on Foreign Exchange rates (spot and forward), Gold Prices, Lending and Deposit rates, Stock Market indices and prices, Currency Notes and Demand Draft rates. Information from the world's major financial centres is constantly updated so that you can react quickly and appropriately as market conditions dictate. Of course, Hexagon also allows you to control your domestic and global financial affairs, with complete security, right from

screen the current state of both local and

international markets.

Hexagon is state-of-the-art corporate electronic banking, from the HongkongBank group, one of the world's major financial institutions, with over 1,200 offices in 55 countries.

To find out more about Hexagon and how it can help your company, contact the Hexagon Centre at: 99 Bishopsgate. London EC2P 2LA, United Kingdom, Tel: (01) 638-2366 or your nearest branch of the HongkongBank group.

Hexagon. Puts the power of the bank in your hands.



James Capel & Co. + CM & M d and Gibbs Incom

CONSOLIDATED ASSETS AT 31 DECEMBER 1985





#### **AMERICAN NEWS**

# Shultz struggles to regain control of foreign policy

a relimpo bise

The since are a relimpo bise

The since are a relimber and a relimber are a relimber and a relimber are a reli

en ensure fere

a pen it THE PERSON

place, he pid to to relieve de PERSONAL PROPERTY.

Course in a

T attackel

The market of the same of the

SEE LEAR

A REI THESE

Sura tem . Textes see pai

ಜ ಲಾಯಾಗು

erd see weber

37.75.7 .....

0.272 1200

22.22

1.1 ನಾವದೆ

-

المعتبية 

المتناقبة المتناقبة

المناسبة المان

 $v: v \in \Omega$ 

---

والمنتوجة ويثان

513.7.5

the Iran controversy.

Mr Shultz, who hinted that he might resign during an extraordinary television interextraordinary television interview at the weekend appears to have persuaded President Reagan to back him in his firm stand against sending arms to

But senior aides to Mr Shultz were reported yesterday as saying that Mr Reagan's news conference today—his first for three months—would test whether Mr Shultz had suc-ceeded in defining the terms on which he is prepared to stay in

Speaking in Chicago on Monday, Mr Shultz continued to spell out his unease about the covert White House operation and his opposition to bartering arms for hostages. President Reagan denies any such trade with the Iranians.

Mr Shultz said: "It is a mis-take for governments to get in the husiness of trading some-thing of genuine importance for hostages . . All you do is the encouraging of taking of

MR GEORGE SHULTZ, US Secretary of State, is struggling to reassert his authority over foreign policy in the wake of described as "debatable." of arms shipments which he described as "debatable."

Mr Shultz is recognised in Washington as a team player loyal to the President, but he loyal to the President, but he has also made it a matter of principlo to build a credible anti-terrorist policy with US allies in Europe. This policy eppears to have been undermined by the arms shipments to Iran, a state which Mr Shultz identifies as sponsoring terrorism. terrorism.

More evidence emerged yes-terday that Mr Reagan has failed to persuade Americans that there is no link between the arms supplies and the free-ing of American hostages held pro-Iranian groups

A poll by the Los Angeles Times showed that only one in five of those questioned be-lieved that Presidem Reagan's statements were "essentially true." Thirty per cent of the 1,480 people interviewed efter the President's nationwide TV eddress lest Thursday, said his denial of a hostage deal was "essentially false."

weed was not exactly the world's most valued trading commodity. Today, observers in the American rural midprogramme. The campaign has severely squeezed canna-bis supplies in parts of the west report bundles of the plant, a distant member of the canabis family, selling for as much as \$60 a pound, writes David. Owen in Chicago.

Drag Enforcement Admin-istration (DEA) officials have

had the effect of creating a ditchweed shortage and push-

ing prices still higher.
Ditchweed typically contains less than .1-12th the chemical which produces the smoker's "high") of a sood quality Sinsemilla plant. It has had some value among has had some value among unscruppulous cannabis vendors who mix it with pure marijuana to boost further their hig profit margins. But the basis of the current bull market, according to Mr Franz Hirzy, a Chicago-based DEA official, is that cannadis-

starved consumers are increas-ingly turning to dischweed. Naturally, the intensified eradication programme in both the US and abroad in

Drug investigation officials wholesale marijana prices in Chicago and other big cities to \$3,000 per pound, compared with \$88 to \$1,200 a year

gratulating themselves on reducing both the number and size of the plots culticated.
A number of predominantly
sourthern Illinois farmers,
who were presumably looking for a more lucrative cash erop in response to plummeting maize and soya bean prices,

#### Ford and GM cut car output in fourth quarter

soaring ditchweed

General Motors blamed the cut on slack demand following the end of bargain-basement financing deals on new cars. Ford said its cuts were because it could not get enough com-

poneuts to meet demand for

Automotive News, an industry journal, had estimated GM and Ford would oach cut pro-Mr Roger Smith, GM chair-man, said production would be somewhat less" than esti-

"We're still optimistic," he said. "It is going to be e good year, but we've also said we would do it without incectives." GM's fourth-quarter produc-tion schedule will be 1.04m cars, down from the September esti-mate of 1.18m, Automotive

AMERICA'S two largest car-makers plan to cut fourth-quarter output, AP reports from Detroit.

News said. Ford's fourth-quarter schedule will total 430,000, down from a September estimate of 465,000. Chrysler's production schedule is reported unchanged at 298,300.

It was also revealed that the operating rate of US industry fell in October to the lowest level since 1983. Mining activity hit an all-time low and US manufacturers continued to suffer from foreign competition. the Government said.
The Federal Reserve Board said US factories, mines and utilities operated at 79 per cent of capacity last month, after holding et 79.2 per cent from

July through September. In a separate report, the Government said the level of business inventories fell 0.3 per centi n September, a somewhat smaller decline that had been expected given strong car sales

BOOKED STATE OF STATE

Brazil's poll victors seek share of power

Cannabis shortage brings new high for the humble ditchweed plant

stead called in Mr Ulysses death of Tancredo Neves last Guimaraes, leader of the Bra-year, has made it clear that he zilian Democratic Movement will not change his ministerial (PMDB) for discussions on a team. ew economie adjustment pack-

The move demonstrates the greatly enhanced influence that the PMDB is certain to exert on the Government following its landslide victory in guberna-torial and congressional elec-tions at the weekend.

tions at the weekend.

Commentators are already and PFL supported joint candidates. But in others, most centra-left party will attempt to assure that the new package has between the two led to substantial proped living standards. assure that the new package has minimal impact on the im-proved living standards achieved since Februery under the Government's anti-inflationery Cruzado plan.

With votes still being counted and the new Coogress designated the task of writing a new constitution, the elections have

PRESIDENT Jose Sarney of left a legal vacuum in Brazil. victory, Mr Guimaraes, the of the price freeze, cuts in Brazil yesterday postponed talks President Sarney, who inherited PMDB president, assured Mr government spending and, poswith senior ministers and inthe office of head of state on the Sarney that he had no need to sibly, higher taxes.

Such moves will prove hard But some PMDB militants are already arguing that the party should have greater predominance in his government as a result of its victories over their coalition partners, the right of centre Liberal Front

Ironically, many have ettri-buted the new muscle of the PMDB to prestige reflected from President Sarney's economic strategy. Its consequence, however, will be to tie, to some extent, the president's hands. In the wake of his election

THE MOST EFFICIENT WAY TO TRANSFER

MORE POWER TO ROAD.

AND MORE PROFIT TO BALANCE SHEET.

fear the consequences of a massive victory by his party, "We are pariners of the president of the republic," he said.

Nevertheless, the near certainty that the PMDB will now have a clear majority in both Houses of Congress and, perhaps, 21 of the 23 state gover-norships has handed Mr Guimaraes substantial power.

His assurance that the party

was satisfied with the Govern-ment's economic and social policies will come as little com-fort to civil servants now struggling to find ways to adjust the Cruzado plan to relieve serious inflationary pressures in the economy.

Most husinessmen and economists believe that efforts to reduce surging demand, and to generate finance for investment will have to involve some austerity measures, relaxation

to swallow for a party that has won much of its electoral success from commitments to fight to support the plan.
Formal discussions oo

new constitutions are not due to begin until February and look certain to continue for most of the year. In the mean-time, President Sarney will cootinue to take new constitutions are cootinue to take the legislative initiatives and may, if necessary, be obliged to use his decree powers.

Though he has publicly declered himself opposed to using decrees, the method has repeatedly proved necessary, particularly in the economic field, to push policies repidly through Congress.

At the very least, he will feel under a measure of moral obligation to consult closely

#### **FALKLAND ISLANDS DISPUTE**

# Argentina plays its trump card

JUST AFTER the surrender of a senior official in the Argenthe 15,000-strong Argentine tine Foreign Ministry, the inten-garrison on the Falkland Islands tion behind the proposal is to in June, 1982, Britain was asked by its EEC partners whether fighting on the islands was over Mr Leo Tindemans, then Belgian Foreign Minister, who posed the question, was politely told that he should ask Buenos

The answer has been a long time coming. This week, almost four and a-half years later, Argentina has made the first firm indication that the anomalous situation of no war, no peace, might finally be brought. to an end.

The offer formally to end Dassed a bill to create a self-hostilities in exchange for governing province out of Britain lifting the 150-mile military protection zone around the islands, is being made to try to tempt the UK to the negotiating table to discuss the

It follows Britain's move to create a 150-mile fisheries con-servation zone around the islands and to lay claim to the fish and seabed resources up

to 200 miles away.

The protection zone created after the 1982 when it became apparent that Argentine's then military Government had no intention of formally ending hostilities. Even today, many prominent figures in the armed forces, as well as the nationalist opposi-tion to President Alfonsin's government, consider the 1982 war simply as a lost individual

natue,
The situation of no war, no
peace, therefore locked Britain
into a multimillion pound
annual desence commitment to the islands and has been a continual source of tension couring relations between the

Given the political opposition at home, President Alfonsin's move is a courageous one. It precedes however next week's United Nations General Assembly debate oo the Falkland Islands and the fisheries dispute, at which Argentina hopes to secure a major diplomatic

The UN General Assembly passed a resolution in November, 1985 implicitly recommending negotiations over the sovereignty of the islands by 107 votes in favour, 41 abstentions and only four against, one of which, of course, being that of the UK.

Argentina's target is to swing as many of the fence-sitters as possible over to a positive vote. A show of willingness to end hostilities is an obvious way to do that

In the past, Argentina has always insisted that only when Britain agrees to negotiate sovereignty will hostilities be formally stopped. According to

tion behind the proposal is to make a gesture of good will, constantly demanded by the UK to break the deadlock on future talks. As a result "negotiations on the sovereignty issue are no longer a precondition to ending hostilities," he said.
The initial reaction from the

play down the Argentine offer, saying it adds nothing to pre-

vious proposals. In mother less-publicised, but equally significant move, how-ever, the lower house of the Argentinian Congress recently



President Alfonsin:

Argentina's southernmost territory of Tierra Del Fuego.
This will put it on an equal footing with Argentina's other 23 provinces, in a country where regional government wields considerable power. Resisting pressure from the Nationalist lobby the ruling Radical Party cessfully kept the Falkland Islands out of the bill, thereby

leaving options open
One such option might be to
offer the Falkland Islanders a large degree of autonomous self-government, but coming under formal Argentino sovereighty.

Argentina still intends any

formal negotiations to include the sovereignty issue, and Bri-tain's approach seems likely to come under increasing pres-sure both at home and abroad if Argentina's offer is seen to be

somewhat uncertainly, and much earlier than most political observers expected. It remains to be seen whether the British

THE ADVANCES MADE IN THE NEW HIGH POWERED MERCEDES ARTIC TRUCKS ARE NO MERE COSMETICS & THEY ARE IN THE VERY HEART OF THE MACHINES. THE RESULTS ARE SIGNIFICANT INCREASES IN POWER OUTPUT AND REDUCED FUEL CONSUMPTION TO GIVE

# UNSURPASSED RELIABILITY AND ECONOMY #

PORT COSTS.

BETTER JOURNEY TIMES AND LOWER TRANS-

THE INNOVATIVE ENGINEERING FOUND THROUGHOUT THESE NEW MERCEDES 38 TONNE TRACTOR UNITS TRANSLATES. INTO REAL AND TANGIBLE SAVINGS. WHICH IS WHY EVERY LONG HAUL OFERATOR MUST SERIOUSLY CONSIDER THEM IN THE NEW MERCEDES FOWER TRAINS ARE UNDER-STRESSED. A GENEROUS 14.6 LITRES OF

ENGINE CAFACITY MEANS THE POWERLINERS ARE ALWAYS ON TOP OF THEIR JOB, AND IMPROVED COMBUSTION TOGETHER WITH MANY OTHER TECHNICAL REFINEMENTS RESULTS IN POWER UNITS WHICH ARE UNIQUELY EFFICIENT AND EXTREMELY RELIABLE. WITH LOW MAINTENANCE REQUIREMENTS AND MORE TIME ON THE ROAD, THE FINANCIAL BENEFITS IN OPERATING THE NEW MERCEDES ARE VERY REAL.

# THE INTEGRATED POWER TRAIN #

IN THE NEW MERCEDES; THE TRANSFER OF POWER AND TORQUE PROM

ENGINE TO ROAD IS ACHIEVED WITH MAXIMUM EFFICIENCY. THIS HAS BEEN ACHIEVED BY CLOSELY MATCHING THE THREE KEY COMFONENTS - ENGINE, GEARBOX, AND REAR AXLE - TO PROVIDE SUPERB ACCELERATION AND HIGHLY EFFICIENT HIGH SPEED

CRUISING WITH MINIMAL STRESS AND REDUCED FUEL CONSUMPTION.

CONTRACTOR OF SERVICES

# THE BLECTRONIC POWER SHIFT # NOW THE MERCEDES DRIVER HAS E.P.S. GIVING HIM ABSOLUTE CONTROL OF HIS GEARS. E.P.S. IS POWER OFERATION OF A MANUAL GEAR BOX, AND WITH PNEUMATICS SUPPLY-ING THE MUSCLE, SHIFTING IS ACHIEVED WITH ONE FINGER. A DASHBOARD DISPLAY ALWAYS SHOWS WHICH GEAR IS IN USE # E.P.S. CAN ALSO HELP BY SELECTING THE

IDEAL GEAR FOR ANY ROAD AND ENGINE

SPEED SITUATION, AND CAN PREVENT SELECTION ERROR AND ANY SUBSEQUENT OVER-REVVING.

#### # THE MERCEDES PLUS#

ON THE ROAD, THE FULL RANGE OF MERCEDES BACK-UP AND SUPPORT SERVICES IS BEHIND THE POWERLINERS ENSURING. THAT EVERY OPERATOR GETS MAXIMUM RETURN ON INVESTMENT & FINALLY. THE NEW MERCEDES' INCORPORATE SOMETHING AVAILABLE FROM NO OTHER MANUFACTURER. THE INCOMPARABLE BANK OF KNOWLEDGE GATHERED IN OVER 100 YEARS OF MOTOR VEHICLE MANUFACTURE.

#### UK launches attack on 'megaphone' diplomacy

PROSPECTS Argentine announcement could break the current deadover the Falklands appeared to be floundering derday with both sides drawing up diplomatic battle lines on the issue of sovereighty.

Confusion Argentine linkage of a declaration of a cessation of hostlitties to the issue of matched sovereighty yesterday with an intransigent statement from British Foreign Office.

Mr Tim Egger, Junior

Foreign Office Minister yes-terday described the Argentine offer as an "exercise in megaphone diplomacy." He claimed that the British Government had found out about the Argentine offer by

reading it in the press.
"That's not really the way to get serious negotiations and serious discussions going. It is really a re-statement of the normal (Argentine) posi-tion which is that anything can be discussed as long as we discuss sovereignty first, "Mr Eggar said in an interview with Independent Radio



METICULOUS ENGINEERING DOESN'T COST YOU. IT PAYS YOU.

MORE TORQUE AT LOWER

THE INNOVATIVE NEW OM 440



# Foreign investment in China suffers decline of 42%

BY ROBERT THOMSON IN PEKING

FOREIGN investment in China bas continued to decline with contracted investment for the first nine months of this year totalling \$2.40n (£1.60n)—down 42 per cent on the same period last year, according to the Ministry of Foreign Econo-mic Relations and Trade

Zheng Tuobin, Trade Minister, said there were two reasons for the fall this year: a shortage of foreign exchange in China that has limited the ability of Chinase partners to contract, and an investment climate clouded by the high cost of doing business in the

Zheng bopes that 22 incentives introduced last month will lift investment, though foreign business people based in Peking bave suggested that the new regulations will not be

Alsthom of France is due to sign a draft agreement with China for two power plants, Reuter reports from Paris.
The two coal power plants of 300 MW each would be built in the Peking suburbs and the couract would be signed by the end of this mouth. Industry officials said the deal would be received. would be worth FFr 1.3bn (£138m) and would provide work for three or four years for the Aisthom plants in Le Bourget, and Belfort.

months total \$40n, an 11 per cent increase on last year. The increase in actual funds used is mostly an overflow from contracts previously signed. contracts previously signed.
Since 1979, about \$17.4bn in
investment has been promised,
though only about e quarter of
that amount has actually been

down 20 per cent on the first balf of 1985.

Chinese officials have always again of the success of the growth at trade of the success of the attempted to shift attention away from the contract slump by suggesting that funds actually used in the first success.

Includes

Training And 12 Months

**FREE Hotline** 

Support

1000 EX MONO SYSTEM

patchy.

Available From

The market place for low-cost IBM-PC\*\* compatible

computers is chaotic. Prices are tumbling and availability is

The new Tandy 1000 EX is a low-cost IBM compatible

nationwide. And because we know that this will probably be

your first serious computer purchase, we've used our 10 years

computer that is available now through 230 Tandy stores

experience of selling home and business computers to

Hours FREE

# Siemens rail deal stirs up political furore in US

urban light rail project in US market for digital tell Sacramento, California has been phone switching equipment, making unwelcome beadlines in On September 28 1983 th the local press.

Unwelcome, that is, for Siemens, the West German electricals group, which signed the deal to supply the cars in February 1984, beating the Canadian Urban Transportation Development Corporation (UTDC) by a wide margin.

Siemens nevertheless bad a good track record in supplying these powered cars in North America, having won similar ontracts in Calgary, Edmonton, and San Diego.

This time though, the deal has gone wrong and what began as a tiny sore has developed into a major political wound

On September 28 1983 the of domestic origin. Federal agency, the Urban Mass Transportation Administration mination that Siemens is not in (UMTA) had signed an agree-compliance with the Buy ment with the Sacramento America' requirements applicated the construction of a ing stock." modern tram system in Sacramento — automatically trigger-ing the "Buy America" provi-sions of the Surface Transpor-tation Assistance Act of 1982.

half the cost the cars had to be accounted for by components manufactured in the US. On March 3 this year, how-

This meant that more than

ever, the UMTA's chief legal counsel wrote to the Sacramento

of the components, by cost, be

"Therefore it is our deter-

15 of the cars in West Germany and assembled them in the US. It offered compromise solutions but the UMTA would not budge. Siemens risked being debarred from future public

By then, Siemens had built

transport contracts where Federal funds were involved. Sacramento faced baving to

find an extra \$11m (the money promised for the trucks by the UMTA and now threatened) and

have a change of heart that has aroused anger in Congress. An Administrative Settlement

Agreement, a compromise, was drawn up in which Siemena and the RT admitted violation of the Buy America" laws but which enabled the contract to go ahead provided the remaining 11 cars were built in the US.

They will be produced by Hall Industries — according to a draft dated October 14 and unlikely likely to be significantly changed before signing—which has facilities to do so in Pennsylvania.

Siemens, which said yester-day that "we assume that through the compromise with

It has also told the US anthorities that a major light rail car order being chased in Taiwan by Siemens, MAN and Thyssen could result in a lot of manufacturing in the US.

None of this has satisfied two senior Congressmen who have written to the Department of Transport to protest at the pro-posed compromise.

Both have promised to pursue the matter next year when the new Democrat-led and probably more protectionist Con-gress reconvenes.

Siemens, although probably Cong richer than its competitors in deal the US telecommunications year

Bonn and Washington are now openly sushing fifely national candidates in France and a Siemens victory might find a poor echo in a Congress

Congressmen involved are probably just as angry with the Administration for agreeing to the compromise as they are with

# Europe's distillers step up Japan protest

manufacturers stepped up their propaganda battle against discriminatory Japanese taxes and import duties, which they claim have priced their products out of a huge growth market.

They are appealings to the after the return of a top-level Japanese sense of honour to delegation to Japan. scrap the present system, which They called on the two key case, on the grounds that im-makes Scotch whisky up to four Japanese committees studying ported wines and spirits suffer realised.

EUROPE'S WHISKY and spirits times more expensive than tax reform—the government's unfair tariffs and taxes in rela yesterday domestic brands. tax commission, and the ruling propaganda Leaders of the Union Euro-Liberal Democratic Party's Own péenne des Alcools, Eaux-de-Vie et Spiritueux — an organisa changes in the alcohol tax tion which embraces the whole structure in their recommenda-

tax commission - to include changes in the alcohol tax

by the imminent committee reports, and renewed their appeal for urgent consideration. Imported aicobolic drinks accounted for less than 1 per

earlier this autumn.

As a result, its gas will arrive

Already the world's largest exporter of liquefied natural sent the initial cargo to South Korea, the Pacific's first LNG importing country outside

Japan.
It has also just agreed a sales
deal with Taiwan paving the
way for first deliveries in the

buge investment involved, the

In the entire history of commercial LNG trade, dating from 1964, there bave been no more

For most of 1986, Indonesia's state oll and gas company

FOR MOST of this year a that could jeopardise Siemen's its view (and in this case nothing the country of this year a that could jeopardise Siemen's its view (and in this case nothing the country of this year a that could jeopardise Siemen's its view (and in this case nothing the country of this year a that could jeopardise Siemen's its view (and in this case nothing its credit rating came under a against us will be cleared market, could do without this away," also had to agree to away, away, also had to agree to away, awa graph (AT&T) to buy control of the second biggest French telephone company, CGCL his

This might help deflect the Congressional attacks on the deal being prepared for sent

range of powerful liquor manu-facturers in the EEC — spelt out their complaints in Brussels,

LABLEN

THE TANDY 1000 EX

A Truly Affordable PC-Compatible Home Or Business Computer

tions due next mooth. The whole issue has now

been submitted to the General Agreement on Tariffs and Trade (Gatt) by the EEC 25 a test

tion to domestic products. However, the manufacturers are anxious that their case

cent of the Japanese market leaving a huge potential un-

about a dramatic revival in its gas exporting fortunes, by shifting its negotiating stance

in three new countries, not to mention scoring extra opportunities in its traditional Japanese market

early 1990s. But, substantial as these achievements are, they only open the list of new records Indonesia is entaring in the LNG record book. For, later this year, it is likely to send a spot cargo of LNG to the US.

The spot cargo of LNG which the French oil company CFP. Total bas arranged to travel from Bontang, Indonesia, to the Everett terminal of Boston in the north-east US is only the second spot LNG sale of the

The first went from Algeria to Britain's Canvey Island in

If the final approval is given to this LNG deal, Total will buy 40,000 tonnes of LNG and carry to 12,000 miles and sell it to Cesco of Boston, the LNG heir to Distrigas.

which has stood at 10,000 nantical miles since 1970;

the first LNG cargo sold to the US by another country

besides Algeria;
the first spot sale to originate • one of a very few if not the first LNG cargo ever to be sold through an intermediary rather

through an intermediary rather than directly to the buyer from the LNG producer.
Unlike the oll or coal business, LNG is a closed club.
making spot deals unusual and difficult to arrange. By its nature, the LNG business is a dedicated trade. Due to the buyers and sellers on a par-ticular route are locked into

1964, there bave been no more than 20 apot cargoes plus a few test runs. This is in a trade in which the 10,000th cargo was shipped on May 29, 1986, according to the LNG Log, published by the gas shipping society, SIGITO.

Ironically, Total, which operates no LNG facilities (but has an involvement in both Bontang, Indonesia and Adgas.

has an involvement in both Bontang, Indonesia and Adgas of Abu Dhabi), also organised two of these earlier spot carges.

They went from Abu Dhabi's Das Island plant (built to supply Japan) to Gaz de France. But on those occasions, in 1977 and 1979, the sale was direct, from Adgas to Gas de France.

So why, assuming the final US regulatory approval comes through, will this unusual yoyage be made? The answer lies more in the Pacific than it does in Boston.

For most of 1986, Indonesia's

become dangerously political.

already familiar with the na because of the Secrams Luckily for Siemens, the

the West Germans.

#### gas export fortunes BY JAMES BALL bought Pertamina tried to avoid drop

ping the price of its LNG to Japan, despite the collapse in oil prices to which LNG is

INDONESIA BREAKS LNG RECORDS

Jakarta reverses its

meant to be linked. Already squeezed by falled, oil revenues, it tried to this a similar decline in LNG income. Its hard line, however precinded taking advantage of any new LNG marketing oppor-tunities in Japan, threatened to delay the start-up of its ner trada to South Rores, and le to a suspension of sales talks

at the end of the summer and agreed to seek a new way of indexing Japanese LNG prices closer to market prices of crude In September, it agreed to

Pertamina changed its stance

lover South Korea's price provisionally to an oil price equivalent of \$10 a barrel (a tit

Later this year, Indonesia is likely to send a spot cargo of LNG to the US-the longest-ever LNG voyage and the first-

sold to the US by another country besides Algeria

The Indonesian cargo will Pysong Tack Korea LNG prince of about \$2.20/m British thera-The longest-ever LNG mal units (Btu against a Japabarrel). The first Korean cargo left

Arun, Indonesia, on October 21, and has now unloaded. The message was clear. Indonesia wanted to play the market.
Following further recent progress in the LNG pricing talks between Pertamina and its Japanese LNG buyers, price settlements have also been reached with South Korea and

This was the final item Tal-wan and Indonesia had to negotiate. Their LNG contract is thus substantially agreed and after final drafting, will prob-At the same time, Pertamina's Pacific talks were progressing.
Total, a minority gas supplier
to Bontang, was scouring the
US market for sales opportunities for spot cargoes of Indonesian LNG.

The more gas Indonesia sells The more gas indonesia sells the more revenue the gas surplies, including Total, makes Seeing a 1m tonne a year spare LNG capacity at Bontang and under-utilised LNG storage, in the US, Total tried to find a way to put them together.

Distrigus Corp of Boston already under Chapter 11 US Bankrunter Code protections.

Bankruptcy Code protection was finding it impossible its make a spot arrangement with its traditional supplier. Some trach of Algeria.

It also found that US this ping restrictions made bringing LNG from the sole US export.

terminal, Nikiski in Alaska un Before the deal produced its first real LNG, however, Distriguas Corp was put into computatory liquidation under Chapter 7. But the judge transfered Total's contrast force District. ter 7. But the judge transfered Total's contract from Districes. Corporation to the Cabot Corporation subsidiary Cesco.

To complete the link, the idle P&O LNG carrier Pollenger was awaiting

sitting in Europe awaiting january delivery to its next owner. Japan's Nissho Iwai.

Now, as it turns out Pacowill open the Pollenger's new indonesian role, and the white will travel first to the US rather than Japan.

#### More trade bills ahead say US Congressmen

THE US Congress will propose new legislation next year to curb imports in a move to cut the country's buge trade deficit and protect jobs, a Con-gressional delegation said in Hong Kong yesterday, Reuter

could not sustain a trade defout that topped \$127bn (£88bn) in the first nine months of this There is going to be legislation on the President's this year," said Mr Dan R

kowski, chairman of the powerful House Ways 200 The visiting congressmen Means Committee. "We did not say what bills were here to alert this end o likely, but they said the US world that it is coming." Means Committee. We are here to alert this end of the

is your local computer company. put together a complete package to guarantee you peace of mind. Every Tandy 1000 EX customer will be entitled to

The range that's clearly superior

Freefone Tandy Computers

Available from Tandy Stores, selected Dealers and AT Computerworld.

Tandy Corporation (Branch UK), Tandy Centre, Learnore Lane, Bloxwich, Walsall, West Midlands, WS2 7PS, Telephone, 0922 477778 For further information dial the operator and ask for

1000 EX COLOUR SYSTEM

1 hour's FREE training by our experienced staff, and will be

strings attached - we can do this because we've been in the

registered for 12 month's FREE telephone hotline support. No

business for years. Finally, to get you computing from day one

we include, free of charge, an easy to use integrated software

package called Personal DeskMate with every Tandy 1000 EX. So there you have it, peace of mind computing. If you're

ready to start learning then we're ready to help - because Tandy

\*Optional Monitor Stand Not Included

Available From

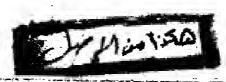
Stores

"EM-PC TM Of International Business Machine Stores

's its

unes

is likely in a cargo of a US—the er LNG of the first the US by tentry ageria



# EBEL The Architects of Time



OPENING OF THE FIRST EBEL BOUTIQUE

EBEL BOUTIOUF 1td

179 NEW BOND STREET LONDON W1Y 9PD TELEPHONE 01 491 4252

# FT COMMERCIAL LAW REPORTS

INLAND REVENUE COMMISSIONERS V BRACKETT Chancery Division: Mr Justice Hoffmann

WHERE A UK resident contracts with a non-resident company to provide consult-ancy services to its clients in the UK, income received by company from exploits tion of his services and from which he benefits is deemed poses, unless he can show that tax avoidance was not a purpose of the transaction

Mr Justice Hoffmann so held when allowing an appeal by the of the Special Commissioners discharging assessments for income tax made on Mr Frederick John Hughes Brackett under Corporation Taxes Act 1970. An appeal by Mr Brackett against their decision upholding alternative assessments corporation tax under section 79 of the Taxes Management Act 1970 was dismissed on the footing that the Revenue would take no further action under

HIS LORDSHIP said that Mr Brackett was a chartered surveyor. He retired in 1970 but continued to act as a con-

national (BTI) on a proposed property development in Jersey, for which he would receive a share in the profits. He set up machinery for dealing with offshore income, namely a Jersey company called Drishane Investments, held by Jersey trust, Completion of those arrange

ments was followed by the collapse of the property market and BII did not proceed with the development. Mr Brackett found himself prospectively in financial difficulty. He was con-cerned about the future needs of his wife and children, UK assets consisted principally of domestic properties which had become very difficult to

In consequence, in 1974 or 1975, Mr Brackett entered into a contract of employment with Drishane to enable it to provide business consultancy services. He agreed to serve in that capacity until July 1984. He would draw no salary until July 1979, and would thereafter be what the directors considered the company could

It was agreed that Drishane would assist Mr Brackett to him with some cash in the period before July 1979.

Pursuant to those arrange-ments Mr Brackett referred potential clients for consultancy services to Drishane in Jersey, Consultant's tax avoidance scheme fails

and the contracts for provision of such services were made with Drishane in Jersey. Mr Brackett rendered the services England and advised Drishane how much to charge. Invoices were rendered and expenses paid by Drishane.

When Mr Brackett undertook employment, Drishane assisted him in the realisation of assets. June 1975 it hought his Islington property, spent money on it, and sold it. In Decemher 1975 Drishane agreed to buy his Barnet property for \$35,000, payable by quarterly

instalments with completion deferred for five years.

In addition to those transactions, which placed cash at Mr Brackett's disposal, Drishane entered into dealings with the trustees of an English trust which he had made for trust which he had made for his wife's benefit. They involved the purchase of assets for

those transactions by raising assessments on Mr Brackett for the four tax years 1975 to 1979. All the assessments were ap-pealed to the Special Commis-

Assessments under anti-avoid Assessments under anti-avoid-ance provision, section 478 of the income and Corporation Taxes Act 1970, were dis-charged. The Revenue now appealed. Assessments under section 79 of the Taxes Management Act 1970, to corporation tax as the "branch or agent" of a non-resident company, were upheld. Mr Brackett

Section 478 was designed to counter the avoidance of tax by transfer of assets abroad. The first requirement for its should be "transfers of assets in consequence whereof ... income becomes payable to per sons resident . . . out of the UK."

The second requirement was that an individual who made the transfer, alone or in conjunction with "associated operaions," should have "power to enjoy...any income of a person resident...out of the UK which, if it were...received by him in the UK would chargeable to income tax. If those two requirements were satisfied and the taxpayer

was unable to show that avolding tax was not a purpose of the transfer, income payable to the non-resident was deemed to be the income of the individual who made the transfer. The Special Commissioners held that Mr Brackett failed to

show that tax avoidance was not a purpose of the transactions; but they discharged the assessments because they con-sidered there had been no transfer of an asset by Mr ing there was no transfer of assets to Drishane and that no

Brackett to Drishane and that income thereby became pa in any event no income had in consequence become payable to

Drishane. Section 488(8)(b) gave an extended meaning to "assets" which included "property or rights of any kind," and to "transfer" which "in relation to rights includes the creation

of those rights."

The Revenue submitted that by entering into the contract of employment Mr Brackett created rights vested in Drishane and that by virtue of those rights together with the associated operation of carrying on trade as a business consultant, income became payable to

The Special Commissioners rejected that argument on three

First, they said Mr Brackett's earning capacity was not an asset in respect of which rights could be transferred to or created in favour of Drishane. That suggested that the "rights of any kind" which would constitute assets under section 478(8) must be rights in remover other assets.

over other assets.

There was no basis for that restrictive interpretation. The Special Commissioners rightly found that the contract of employment conferred on Drishane enforceable rights against Mr Brackett. O'Brien (1979) 53 TC 241 showed that such rights could be assets for the purposes of a disposal under the capital gains legislation.

Secondly, the Special Commissioners said the rights.

acquired by Drishane were not created by Mr Brackett because they came into existence under a contract to which he was only

restrictive construction. In the context of section 478 and in particular the extended mean-ing of "assets" in subsection (8), it was appropriate to describe the rights of one party as having been created by the

sioners said the contract did not result in income in the sense of profits or gains of the trade of business consultancy becoming payable to Drishane within the meaning of section 478. All that became payable were the receipts of trade. In Latilla (1943) 25, TC 107 the House of Lords rejected tha submission that it was not con-

ceptually possible for anything other than the receipts of trade, as opposed to profits, to become payable" to the trader. His Lordship disagreed with each of the reasons given by the Special Commissioners for say-

spectrum stril avoidance provi sion which should not be narrowly or technically con-strued. The Special Commissioners did not give sufficien

effect to mat principle.
The next question was whether the section 478 had been satisfied. Did Mr Brackett in consequence of the transfer and of any associated operation. effect to that principle.

and of any associated operation, have power to enjoy any of the income of Drishame?

"Power to enjoy" was given an extended meaning by subsection (5) which listed five cases in which the individual was deemed to have the power to enjoy income.

The provisions relied on by the Revenue were where "(b)

the Revenue were where "(b)

the Revenue were where (b) the receipt or accrual of the income operates to increase the value to the individual of any assets held by him or for his beneat": and "(c) the individual receives: any beneat.

Subsection (6) said that in determining whether an individual had "power to enjoy" income within the incessing of qual had power to easy, income within the incoming of the section, regard should be bad "to the substantial result and effect of the transfer and any associated operations, and all benefits which might at my

fer It was clear that the ambitantial result and effect of the transactions was that his Brackett received benefits provided out of a tax-free fund

accumulated by Drishare in Jersey from its exploitation of his services under the contract Those beneate were the save vision of liquidity in the form of cash payment for properties which could not be said; the provision of money for repairs; and payment of salary and the

and payment of salary and the discharge of Mr. Brackett's moral-obligations to provide for his wife and children.

Mr Brackett was therefore deemed to have power to enjoy income of Drighams under section 478(5)(c).

The appeal against the discharge of the section 478 assessments by the Special Commissioners must be allowed. It was strictly unnecessary for the court to express a view about the cross-appeal under section. 79. However, in reletion to that section there was evidence on which the Special Commissioners were entitled to find that Mr. Brackett consti-

toted a branch or agency. For the Revenue: Alan Moses (Solicitor, Inland Revenue). Mr Brackett appeared

By Rachel Davies

Today, EMS polyomides form part of the group of high-grade engineering thermoplastics. EMS have specialised in such materials for 40 years, using their own processes and technology to improve them. EMS have created new properties for polyamides - those re-

Engineering ...

ermoplastics

gh-technology

quired by the latest product technolo-That is why with Grilomid, one of our top-quality engineering thermoplastics, we are very much in the new products, high-technology morket. For example in fibre-optics, watch housings, spectocles, sports footwear and automabiles - wherever progress makes higher demands an our materials.

Our products ore capable of meeting mony specific criterio. Expert EMS consultants, backed by extensive applications engineering, help you to solve your engineering and processing

EMS is a name you can trust. We are an internationally active Swiss chemical and engineering company ond we guarantee quality, reliability, know-how and customer service.

EMS-CHEMIE AG CH-7013 Domot/Ems, Switzerland Telephone 081/36 01 11 Telex 74380, Fox 081/363816

EMS-GRILON IUKI Ltd. Astonfields Industrial Estate Drummand Rood GB-Staffard STI6 3EL Telephone 0785-59 121, Telex 36 254 Fax 0785-21 30 68

In Great Britain:

ENGINEERING PLASTICS SYNTHETIC FIBRES ENGINEERING

AT&T and Philips Telecommunications

# CAN LOO RFLIFAF A COMPANY OUR SIZE **WAS BORN IN 1984?**

AT&T and Philips Telecommunications was formed in 1984 by the merger of two companies who have always been in the forefront of telecommunications and advanced electronics technology.

AT&T previously traded under the name The Bell System, which was established within years of Alexander Graham Bell inventing the telephone in 1876. From there AT&T grew to become the largest telecommunications company in the world, and until recently was the leading telephone system of the USA. Today, AT&T has still the most advanced telecommunications network in the world serving with local companies the needs of over 90 million subscribers.

Philips is Europe's largest electronics company, manufacturing a wide range of professional and consumer products and components. Even so, it is no stranger to the world of telecommunications. It was one of the first to develop a public telephone exchange with solid state cross-points, a breakthrough at the time. As for today, the name Philips is synonymous with innovation

in the field of optical transmission systems and optical fibre development.

Two areas that hold the key to the future of mass communications technology in the world of tomorrow.

The merger brought together AT&T's advanced telecommunications technology and Philips' unparalleled electronics capability, marketing skills and international

connections to form the world's most advanced telecommunications company.

A company that possesses all the necessary know-how and experience

to act as your ideal partner in planning, constructing and servicing the most vanced telecommunication networks anywhere in the world.

AT&T and Philips Telecommunications BV J. v.d. Heydenstraat 38, PO. Box 1168, 1200 BD Hilversum. The Netherlands. Telephone: +31 35 87 31 11. Telex: 43894.

AT&T AND PHILIPS TELECOMMUNICATIONS. YOUR CONNECTION WITH THE FUTURE.





# JUST A FEW OF THE 600 COMPANIES WHO TOOK US ON BOARD FOR OUR MANAGEMENT BUYOUT SKILLS.

It's a number well in excess of any other investor. And, indeed, probably more than all investors put together.

Such is our success in steering companies through the tides and cirrents of management buyouts. Companies which have subsequently enjoyed no small measure of success themselves.

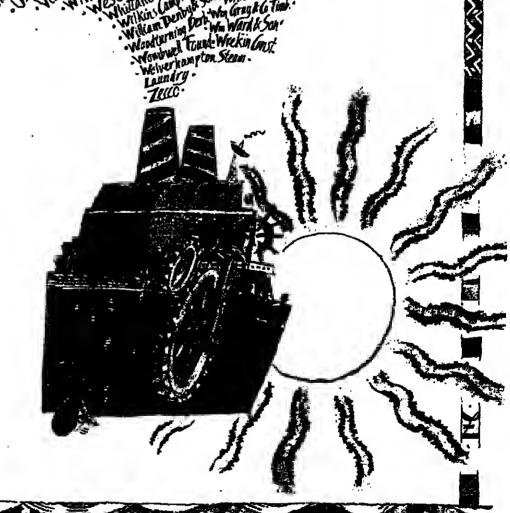
Eleven of them have already gone public.

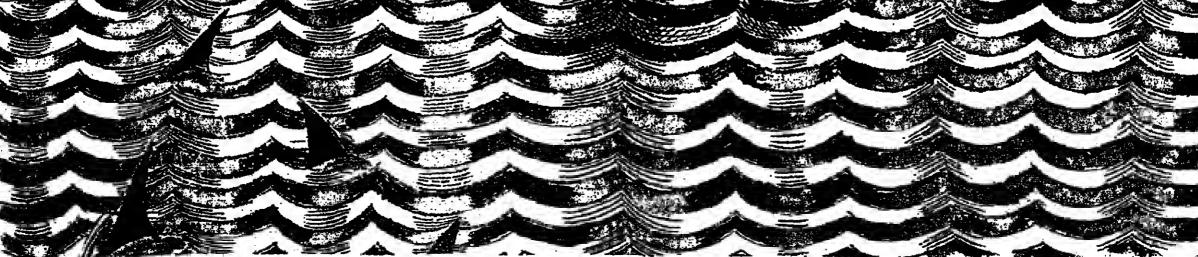
Like the rest, they velcomed our knack of balancing the human factor with monetary considerations. So important where sensitive negotiations are conceined.

In addition to this irvestment expertise, we can also act as management consultants, as well as providing back-up services ranging from property to portfolio management and corporate finance advice.

Whatever doldrums you might be in, then, we should be able to find you a fair wind.

THE CREATIVE USE OF MONEY.





INVESTORS IN INDUSTRY PLC, 91 WATERLOO ROAD, LONDON SEI 8XP. TEL: 01-928 7822; PARIS, TEL: 4722 5540; BOSTON, MA. TEL: 617 542 8560; NEWPORT BEACH, CA. TEL: 714 720 1421. WE DO NOT REVEAL NAMES WITHOUT PERMISSION.
WE ARE, THEREFORE, GRATEFULTO THE COMPANIES REFERRED TO ABOVE FOR ALLOWING THEIR PUBLICATION IN OUR MANAGEMENT BUYOUTS BOOKLET, AVAILABLE ON REQUEST, AND ON WHICH THIS LIST IS BASED.



GLOBAL WEATHER FORECASTS

# Flightpath to big fuel savings

By Mary Wilkinson

MILLIONS of pounds a year can be shaved off airline fuel bills by making use of eccurate, up-to-the-minute weather fore-casts from the Meteorological Office in Bracknell, UK.

Savings of £50m a year between the world's major air-lines already using the ser-vice are estimated by the Met Office, and the seven scientists who developed the computerised forecasting system have just received an energy conserva-tion accolade, the 1986 Royal Society Esso Energy Award for

Only two centres in the world carry out global aviation fore-casts — Bracknell and the US World Forecasting Centre in Washington. Bracknell, how-ever, appears to have the edge as most of the large American and European airlines have opted for the British system in preference to Washington's.
Customers include Pan Am,
TWA, British Airways, Japan
Airlines, Scandinavian Airlines,
Lufthansa, Air France and
American Airlines

American Airlines, The forecasts provide windspeed, direction and tempera-tures across the world and for 15 layers of the atmosphere reaching six miles chove the earth to the stratosphere. With

noticed a marked improvement since the airline started using Bracknell's forecasts. Fredriksson, responsible for flight planning support systems, says an average 35kg of fuel per flight hour special states. representing £2m e year.

"Before we started using Bracknell, we had several unplanned
fuel stops caused by incorrect
wind predictions on, for
example, our Bangkok-Copenhagen route," he explains.

"Now unplanned fuel stops are
very rare and usually caused
by errors on our part, such as
understanding the weight of the
aircraft." representing £2m e

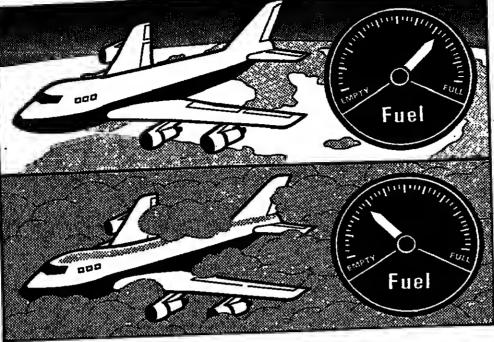
aircraft." SAS receives the forecast data directly from the Met Office but the majority of airlines use a flight planning agency. One such agency, STTA supplies Met such agency, STTA supplies Met
Office forecasts to 14 airlines
including Swiss Air, Singapore
Airlines and Quantas. A SITA
executive from the agency's
data processing centre in London says: "At the moment the
demand from the airlines is for
the Bracknell system—it enjoys the Bracknell system—it enjoys a high reputation.

But not all the airlines are so complimentary ebout the Met Office service. British Airways, and British Caledonian, with the backing of the Civil Aviation Authority (CAA) standing this information at their fingertips, airline operators can
economise on fuel by choosing
routes to make maximum use of
prevailing winds.

Savings can be made even if
flight paths are already dictated
by airtraffic control (such as
on congested overland routes)
by using the wind data to calculate exactly how much fuel
will be needed—carrying too
much just increases the weight
of the aircraft and causes more
fuel to be burnt.

Fight planners at Scandinavian Airlines (SAS) have

the backing of the Givil Aviation Authority (CAA) standing
to the fingertion Authority (CAA) standing
to the price they have to pay
for the service. All those using
UK airspace pay charges to the
CAA which in turn is charged
over film e year by the Met
CAA which in turn is charged
over film e year by the Met
CAA which in turn is charged
over film e year by the Met
CAA which in turn is charged
over film e year by the Met
CAA which in turn is charged
over film e year by the Met
CAA which in turn is charged
over film e year by the Met
CAA which in turn is charged
over film e year by the Met
CAA which in turn is charged
over film e year by the Met
CAA which in turn is charged
over film e year by the Met
CAA which in turn is charged
over film e year by the Met
CAA which in turn is charged
over film e year by the Met
CAA which in turn is charged
over film e year by the Met
CAA which in turn is charged
over film e year by the Met
CAA which in turn is charged
over film e year by the Met
CAA which in turn is charged
over film e year by the Met
CAA which in turn is charged
over film e year by the Met
CAA which in turn is charged
over film e year by the Met
CAA which in turn is charged



due to the computing we do here as to the Met Office fore-

The airlines' chief complaint

adds that 48 per cent of the charges are falling on British operators, as they are the largest users of British airspace.
The Met Office argues the air-

lines are getting good value for money, and claims it would cost aircraft operators an extra £500m e year if there were no weather forecasts at all. To produce the forecasts the Met Office uses e Cyber 205 supercomputer from Control Data which is capable of performing Africa programme approximate the control part of the control part

forming 400m operations per-second. This "number crunch-ing" power allows a global, 24-hour forecast to be produced in four minutes—the fastest in the

world, claims the Met Offices A quarter of a million items of observation data from ground of observation data from ground sensors, satellities, etc., are pro-cessed and mapped on to a latitude/longitude grid of the world containing 300,000 points. Until the arrival of the Cyber in September 1982, the Met Office had been restricted by lock of computing power to e lack of computing power to e 10-layer model covering most of the Northern Hemisphere, instead of the global, 15-layer

Since 1932 the Met Office's research effort has concentrated on fine tuning the numerical equations to improve weather predictions.

The US World Forecasting Centre also has e Cyber 205 but numerical different methods and produces only a 12layer model.

Chuck (Charlas) Lambert international aviation programme leader at the US centre, agrees the Met Office forecast is "slightly ahead" in terms of speed and accuracy. But the Americans are hoping to regain the world lead with the intro-duction of an 18-layer model within the next two month;

"It should enable us to im-prove the quality of the forecasts although it will require a longer running time on the computer," Lambert says. "But even once the new model is up and going, it'll be e while before it shows its full potential —it will need refining."

Another of the reasons the

Another of the reasons the airlines have flocked to the Bracknell system is because the Americans have stopped transmitting their forecasts in a code mitting their forecasts in a code known as a viation digital forecast (ADF) and switched to a more efficient code; gridded hinary (Grib). The airlines have proved reluctant to reprogram their computers to accept grib. The Met Office transmits in

The Americans are obviously hoping their new, more power ful forecasting model will wo customers away from Bracknell But, Dr Peter White, who led the award winning team at the Met Office, says there are no immediate plans to increase the number of layers in the British model. Since its introduction there bas been e sudden drop in the number of errors between the predicted and actual weather conditions. When errors are reported, he says, the forecasts are often accurate and the problem lies in lost detail between grid

He cites the case of a Swiss Air flight from Tel Aviv to Zurich which ran into almost double the predicted headwind and consumed 7.8 per cent more fuel than had been calmore ruel man nad been cal-culated. The problem was a jetstream which was too narrow relative to the grid lengths to be represented accurately. Higher resolution grids would therefore improve therefore improve accuracy. All the same, there have been enormous improvements— a three-day forecast today is as accurate as a one-day forecast,

ten years ago. Further forecasting development depends on available computing power. With increased machine speeds, more observations could be taken, more layers added, grid resolution improved and calculations

replacing the Cyber until some replacing the Cyber until some-thing a lot faster came along. "If we halved the grid resolu-tion and doubled the number of levels we would need 16 times the computing power. A computer like that does not exist, yet."

WORTH WATCHING

Edited by Geoffrey Charlish

Rapid orders on

the grape vine WINE GROWERS, buyers and shippers can take advantage of an international computer network called WEX (short for "wine exchange"). All that is needed is a WEX terminal or suitable personal computer. A seller accesses the system over the sonal computer. A seller accesses the system over the phone network and enters his wine for sale while the buyer selects the wines he needs and closes the deal via screen and keyboard. Meanwhile the shipper is alerted immediately to the deal and via WEK he organises grounker. loading organises grouping, loading and transportation. Seliens

stocks are automatically up-This series of rapid trans-actions between the sub-scribers terminals saves the exchange of stock lists, pur-chase orders, confirmations and other paper through the mall and is said to eat the order cycle time from up to three months to about 30

All that glisters n US electrics

ILECTRICAL CONTACTS ould be improved using ickel-based alloys developed t Bell Telephone ickel-based alloys developed it Bell Telephone Laboratories in Murray Hill, New Jersey in the US.

Gold, though expensive, has been favoured for high reality contact surfaces between the contact surfaces are contact surfaces.

cause it is an excellent con-ductor of electricity and heat and does not easily oxidise to give poor connections. The Bell Labs team in their

efforts to reduce costs, found that stable contacts are obtained when nickel is alloyed with small amounts of phosporus, antimany, silicon, and germanium. As such alloys age, they develop a highly conductive, thin surface layer. Further surface but the low and stable con-

Short cut to circuit design

Dr White says his department is keeping an eye on computer developments but there would be little point in some software from Number nodels, the software, called

example), without actually building them. Designers can quickly see the effect on performance of circuit or component changes, without using a soldering iron.

There are two versions of Analyser, for two maximum sizes of circuit, and they cost only £65 and £185 respectively.

 DEC joins drive to link automation

DEGITAL EQUIPMENT Cor-peration (DEC) has launched, a range of data networking products based on General Motors MAP (manufacturing automation protocol) that allows factory automation applicant to communicate equipment to communicate regardless of make. Increasingly, MAP will be instrumental in implementing the integrated control of complete factories or production lines by linked computer systems. DEC says that users of its existing networking products (Decnet, for example) "new have the choice to more to MAP-based systems or in remain with current installations."

How to tell why ship went down

THE MARINE equivalent of a flight recorder has been developed by Germanischer Lloyd in Hamburg, the international ship classification society.

The recorder is designed to identify the cause of acti-dents and would be installed in a ship's radio distress busy on the wheelbouse top. Even if the ship sinks, the busy if the ship since, the heavy will float off for receivery. Data about the ship's opera-tion will be recorded auto-matically and will include position and time, weather, water depth, rudder position and other items.

• Germans opt for Texaco gas system COAL GASIFICATION plant

using the Texaco process has Oberhausen plant of Ruhr Oberhausen plant of Ruhr GmbH by German company Unde of Derinaund. In the Terree process, under development for the

under development for the last seven years by Unde and other German companies, the hard coal is fed to the gastfier in the form of a coal means of pumps and is gast means of pumps and is gast fled with the aid of oxygen. The system is claimed to be both simple and reliable. Gastication takes place under pressure and at tempe above the ash melting point, preventing the formation of py-products. The Obertains plant converts 38 tonnes of German hard coal into 50,000 cubic metres of gas per hour. The fine grain ash obtained has a low carbon content and ean be utilised by metal-largical industries, obviating

#### Australian Industry Development Corporation



AIDC is a statitory corporation wholly owned and guaranteed by the Commonwealth of Australia.

We work with private enterprise to promote Australian growth and development not only in the traditional Australian industry sectors such as mining and manufacturing but also in the new technologies and the service industries.

Our special place in the Australian financial system, and our reputation or innovative financing, have been achieved by leaning and understanding the aims and aspirations of people in industry, and by wanting to help.

The Corporation's development financings are funded by a continuous program of borrowings in the capital and money markets within Australia and overseas.

AIDC's Annual Report is now available

Chief Executive J. Robert Thomas Deputy Chief Ejecutive: Kevin J. Heffernan

Head Office: 212 Northbourn Avenue Canberra ACT Australia 2601 Telephone (062)47 9411 Telex 62307 Facsimile (062) 4 1189

Offices in Sydnel, Melbourne, Brisbane, Adelaide and Perth. Representative in Japan.

AIDC...financing the future Today



The good old days?

in healthcare, food, clothing and They can't have looked all that housing owe much to the practigood to these boys waiting to cal application of chemistry; e enter a Victorian orphanage: ill field in which Bayer has been shod (1), oddly dressed (2) and one of the leaders since 1863. probably left destitute by the early death of their parents. Of course, there are orphans and

neglected children today as then,

and much in the human condition

But what dramatic changes there

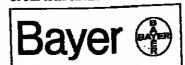
have been in most people's life-

does not change.

In healthcare, Bayer researchers produced the first sulphonamide, to combat infectious diseases and made the original Aspirin, the most widely used painkiller in the world. They have since produced new types of penicillins, and drugs that effectively treat

In agriculture, Bayer has helped to boost food production as and when it was most needed, with selective weed-killers and pesticides, and now with the latest developments in biochemistry.

Clothing and home furnishings too have benefited from the progress of chemistry. Man made fibres like Bayer's Dralon® have enabled clothes and furnishings to be made easy-care and mexpensive. Dyestuffs have added Bayer spends over £500 million a year on research into these and many other areas that affect our everyday lives. This is a commitment that will help to continue the improvement to the quality of our total environment.



Improving the quality of life.

style and expectations over the the vast variety of colour. If you would like a print of this photograph, or more information about Bayer, write to Dept A, Bayer UK Limited, Bayer House, Newbury, Berks RG13 11A.

past century. The improvements



At SAS, we've fought long and hard to give business travellers better service and greater comfort.

We're not alone.

rt down

Sas system IFICATION IN IEXAM PROPERTY INITIALIZATION IN INITIALIZATION IN

F

One competitor has raised its standards dramatically in the past few years.
At this point, British Airways should stand

up and take a bow.

They might find it more comfortable than sitting down.

When we set out to improve our service, we knew exactly where to start.

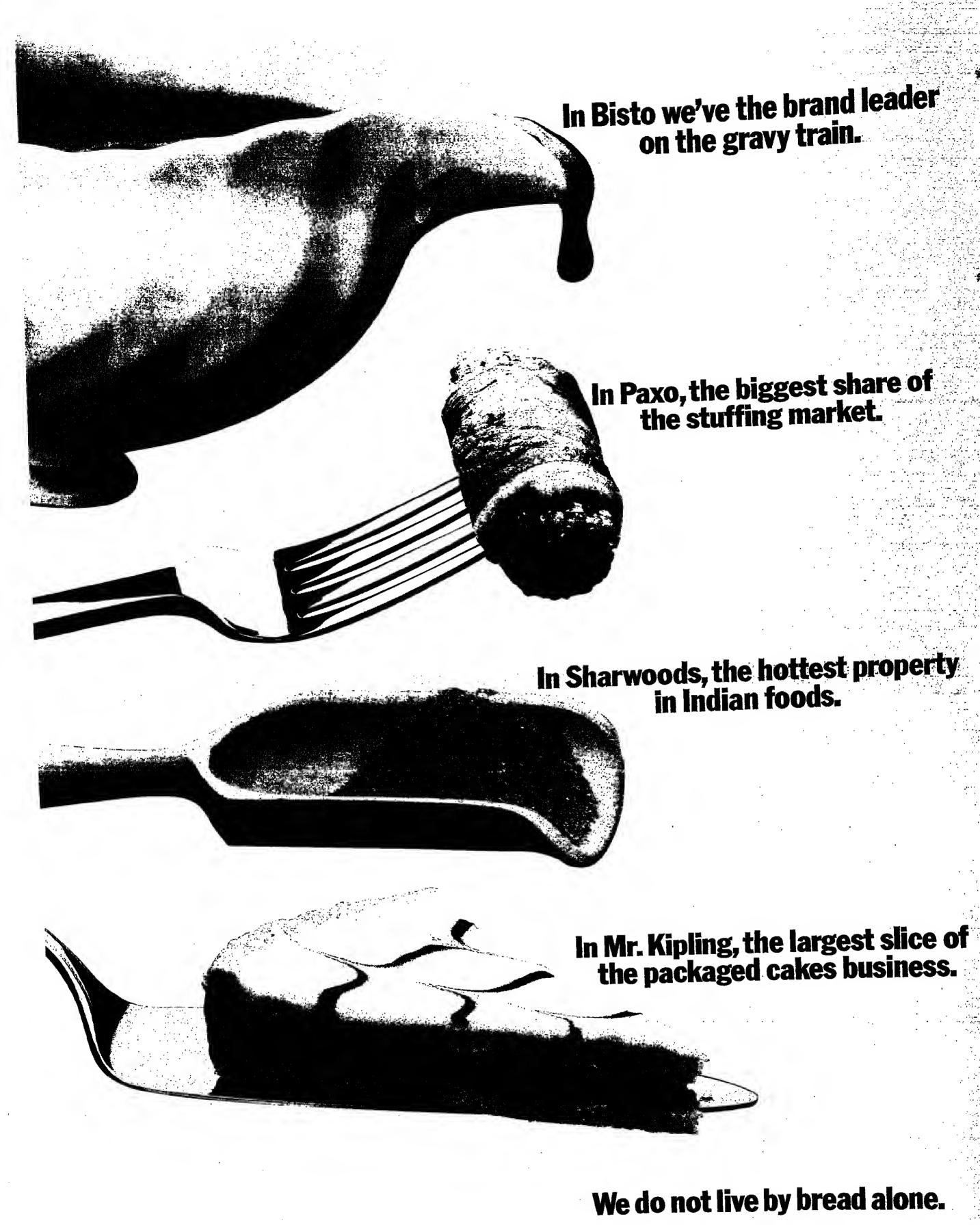
Your knees were staring us in the face. After all, they're the fiercest critics of airline comfort. The first to complain if your style is cramped.

We duly expanded our leg-room – and your knee-room. Without expanding the price. You still pay the normal economy fare. BA gives you less knee-room. Without

reducing the price.

As a competitor, they're closing in. Trouble is, it feels as though their seats are, too.









# Government on | Currency case crucial for banks track to meet borrowing target

terday by the Treasury.

Non-oil receipts, particularly of British Gas either this financial corporation and value-added tax, are running almost £2hn higher than forecast in the March budget, reflecting healthy company profits and consumer spending. Treasury

for the current fiscal year of £7.1bn.

Mr Nigel Lawson, the Chancellor
of the Exchequer, confirmed in his
Autumn Statement that he expect ed the PSBR to be around £7bn this year dispite the overrun in public spending and the tax measures he announced to help the oil sector. He said the PSBR in fiscal 1987-88 would be 1% per cent of gross do-mestic product, near to £7bn.

mestic product, near to £7bn.

The PSBR for October was a very small £9m, giving a cumulative requirement in the first seven months of the current year of £5.7bn. This compares with a requirement of £5.2bn in the year to October 1985, but it is difficult to make direct comparisons because the series in comparisons because the series is not seasonally adjusted.

expected in proceeds from the sale of state assets are also yet to come.

The Government's accounting treats privatisation receipts as ne
£10.2bn in October, giving a total of the first seven months of

THE BUOYANCY of tax receipts The sale of British Gas later this from outside the oil sector reduced month is expected to bring in at government borrowing to a negligi-ble level in October, according to provisional figures published yes-torder by the Treasure. also call in £750m to loans from

and consumer spending. Treasury of the year, it appears likely that officials said the Government is on track to meet the Public Sector Borrowing Requirement (PSBR) target.

Chancellor more scope for tax cuts.

September's PSBR was revised down from £2.2hn reported to the Treasury's provisional figures to £2.09hn. Additional data cut £100m from the cumulative borrowing of local authorities to the first seven months and £300m from the public corporation borrowing require-

The Treasury said Customs and Enrise receipts in the first seven months were £2.3bn higher than a year earlier, a rise of 10% per cent and Inland Revenue receipts were up £1.2bn or 4 per cent compared with the first seven months of 1985.

Central Government made a net repayment of £200m in October. not seasonally adjusted.

The officials noted that the bulk of Inland Revenue receipts fell in Local authorities made a net repaythe last quarter of the fiscal year. A ment in October of £100m while large proportion of the total £4.75bn public corporations had a requirement of £500m.

#### Treasury blocks fuller view of the PSBR

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE TREASURY has blocked a move by the Bank of England to publish mouthly figures which would give financial markets a fuller guide to the underlying trend of the Government's hor-

The Bank had planned to publish seasonally-adjusted figures for the public sector borrowing requirement (PSBR) as part of a change in the presentation of monthly data for movements in

when the first set of money supply figures on a new calendar month basis are published by the Bank tomorrow, however, they will exclude its seasonal adjustment to the PSBR. Instead, the which are already pro-the Treasury, the latest of which - for October

**Jert** 

from to-month in cash terms. e of large seasonal fluctuations in departmental spending and the timing of tax payments they provide only the roughest guide to the underlying trend in

sonally-adjusted figures. which would make allowance for the most obvious of such fluctuations, would provide the finan-cial markets with a better guide as to whether the Government was on track to meet its borrow-

should publish such figures has arisen because the PSBR is a, counterpart in the measurement of the growth rate of sterling M3,

Adjusted PSBR figures on a calendar month basis could be used by economists to provide more accurate forecasts of the borrowing outtarn over a full fi-

nancial year.

The Treasury says that it opposes their publication because they could mislead the markets. The official argument is that the adjustment of the PSBR to take necount of seasonal changes is a lar more complex and less pre-cise exercise than similar cise exercise than sin

er of egratic factors which that there is concern that too much weight would be attached to an adjusted series, despite any official disclaimers.

The Bank is expected to ex-plain those and other technical difficulties involved in switching to a calendar month basis when it publishes the money supply

figures tomorrow.

There is general agreement in the City of London, however, that the Government has long gone out of its way to make it difficult for outsiders to assess its borrow-ing needs on a monthly basis-

#### **SE** guides members on Boesky

By Hugo Dixon

THE LONDON Stock Exchange Council yesterday advised mem-bers to contact the exchange before they had any dealings with Mr Ivan Boesky, the man at the centre of

This is an interim measure, while the stock exchange waits to see what controls the Securities and Exchange Commission (SEC) puts on dealing by Mr Boesky in the US.

The Department of Trade and Industry (DTI) is being briefed by the SEC on the Boesky affair under the information exchange agreement signed between the two earlier this year. The DTI is then passing this formation to the stock exchange. But the stock exchange does not yet know whether Mr Boesky is going to be allowed to buy and sell securities in the US until 1988, or whether he is going to be restricted to un-

winding his existing positions.
The intention of the stock exchange's advice to its me seems, is to ensure that it does not impose restrictions which are incompatible with those being devised by the SEC Members who contact the stock exchange, it is said, will be given the latest infor-

mation on where matters stand. The council also discussed yester-day how members should bundle technical aspects, including dealing and settlement, of the British Gas flotation. Advice is expected to be issued by the end of the week.

#### **US** court clears way for Lonrho

By Andrew Taylor

TWO Lonrho-controlled companies have been given the go-ahead to proceed with claims for damages against International Trader Crystals SA, its former partner in a Zambian amethyst mine by a court

Lonrho had claimed that Crystals and its former managing director Mr Daniel Mayers had sold ame-

The Denver District Court uphel a default judgment against Crystals which had failed to produce docuwhich the court had dements manded. Another default judgment against Mr Mayers was not sus-

All parties have 60 days in which to lodge appeals and for the two Lonrho-controlled companies, Northchart Investment and Corona tion Syndicates, to present claims for damages against Crystals and Mr Mayers.

During the hearing Northchart claimed that Crystals' actions had resulted in damages estimated at \$9.2m (£6.6m) and said it would be claiming 55 per cent of this figure.

The 20 per cent stake in the mine formerly owned by Crystals has now been taken over by the Zambian Government, according to Lonrho which through North Coronation and another Lonrho subsidiary, now owns the rest of the

5

# **UK NEWS**

IT SHOULD come as no surprise that Mr Justice Harman has de-cided to seek the Government's opinion on Scandinavian Bank's plan to denominate its equity in several currencies.

Whichever way it goes, the High Court case will mark a major milestone in the development of UK company law and would have wide repercussions in the banking indus-

Although the case is technical and has been launched by a foreign-owned (albeit UK-registered) bank, it challenges the basic assumption that the capital of a UK company can only be denominated in a single currency - usually sterling. For this reason it is being widely watched in the business and accounting community. The case might even prove politically con-troversial because it could raise

questions about a company's real nationality.
Scandinavian Bank is the UK's 11th largest bank with shareholders funds of about £115m and a balance sheet totalling £3.3bn. Established in London in 1969 as a consortium bank to handle the UK interests of several Scandinavian banks who vere too small to have offices of their own, it is now owned by five large Nordic banks: Skandinaviska Enskilda Banken of Sweden with 33 per cent, Bergen Bank of Norway with 27 per cent, Union Bank of Finland with 27 per cent, Privat-banken of Denmark with 10 per

cent and Landsbanki Islands of Ice-

land with 3 per cent.

David Lascelles reports on Scandinavian Bank's plan to denominate its equity in several currencies.

Ever since it was founded, the The precise details of the plan bank has kept its accounts in ster- have taken several years to comling, although most of its assets are plete and have involved an arduous minated in foreign currencies, round of discussions with authoriprincipally the dollar. This meant ties in several countries. The Bank that as sterling declined in value of England finally approved the against other major currencies, the idea earlier this year. The Inland bank had constantly to raise new Revenue has also been consulted that its scheme would have present sterling capital in order to preserve and given the go-ahead, as has the the ratio of its capital to its total Registrar of Companies. On top of balance sheet. This ratio is set by that, Scandinavian has also worked the Bank of England to ensure that out wholly new accounting principals to Mr Correct Boston ples with Peat Marwick, its andia for its shareholders. According to Mr Garrett Bouton,

According to Mr Garrett Botton, the chief executive, the shareholders have had to double their investment over the years just to keep the ratio level and this is becoming a heavy burden now that Scandinavian Bank has grown to be larger than some of its owners.

The remarks that Capadinavian different colleges of shares divised with colleges (50 per court) steep.

The remedy that Scandinavian vided into dollars (50 per cent), ster-Bank has proposed is to reconsti-tute its capital in four currencies in cent) and Swiss francs (15 per cent). tute its capital in four currencies in proportions which broadly reflect This approximately mirrors Scanthe composition of its assets. This dinavian's balance sheet which is denominated 40 per cent in dollars, effect of currency movements on 17 per cent in sterling, 15 per cent the bank's gearing because any change in the value of, for example, its dollar assets, would be compensated by a parallel change in the value of its dollar capital.

This approximately mirrors Scanthavian's balance sheet which is denominated 40 per cent in dellars, 17 per cent in Swiss francs (15 per cent).

This approximately mirrors Scanthavian's balance sheet which is denominated 40 per cent in dollars, 17 per cent).

and these premiums could be changed to match any major alterations in the currency structure of the bank's balance sheet.

The capital currency unit itself would be denominated in starling and the bank would continue to present its accounts and pay its dividends in the UK currency. However, the bank would express its net worth in foreign currency, and if it was ever dissolved the pay-out would be in dollars, D-Marks, francs and pounds in proportion to the weightings in operation at the

Scandinavian Bank has argued that its scheme would have present

However, to obtain the High Court's approval it will have to satisfy the judge that UK company law can be interpreted to mean that capital can exist in many currency

Although Scandinavian's problems are rather special, the pros-pect of banks being allowed to de-nominate capital in several currencies is potentially of wide interest. Most large UK banks, including the clearing banks, have as much as half their assets in foreign curren-cies and suffer the same strains to their ratios from the decline in ster-D-Marks.

The four classes would be allotted to raise loan capital in dollars to different premiums in order to give them heavier or lighter weightings serves.

#### **Unsung Falklands** heroes find home is highest bidder

BY FIONA THOMPSON

round-trip to the South Atlantic in in a Popemobile-like vehicle, the the national service. The result of punters chustered round it, their labours has been described.

Literally everything the tentatively, as one of the wonders of needed to build the airport

employed in constructing the Falk-land Islands' Mount Pleasant Airport, built in the peat bogs 25 miles south-west of Port Stanley.

They were on parade again yesterday in a huge aircraft hanger at Blackbushe Airport in Surrey, south-east England, to be sold to the highest bidders at an auction of machinery demobbed after the airport campaign.

The two-day sale of 1,016 lots fetched just short of £1m, according to British Car Auctions, who sold the vehicles, spare parts, stores and dealers from plant hire and electrical companies.

Agency, which maintains and manages the Government's civil and defence estate.

THE TRUE mud and grit veterans The selling was brisk, sharp and of Fortress Falklands were back non-stop, from 10am to gone 6pm home yesterday, unsung, ready for on both days. Two auctioneers and one spotter (to identify bidders)

All had made their 16,000-mile were ferried up and down the aisles in a Propositional to the control of the contr

Literally everything that was needed to build the airport - spart The Goliath crushers, the heavy-weight dumpers and, perhaps most unexpectedly, the egglayer blockmaking machines, have all been employed in constructing the Fall-land Island and analysis and clean 2,200 workmen, who built it in a record 80 weeks.

As there was lively and leave and clean 2,200 workmen, who built it is a record 80 weeks.

airport was compled, it was shipped

It took British Car Auctions finve weeks to transport the 120 container loads and 70 heavy items of plant from the docks and set up the auc-

The hanger was croweded yester-day, the majority weatherbeaten faled men in thick coasts, boots and caps - the few wearing Italian shoes and Burberrys looking dis-tinctly flash. There were builders, contractors, civil engineers and

> Thacher rules out negotiations, Page 14

# WHO'S REALLY GOING TO GET THE MOST OUT OF **OUR NEW INVESTMENT?**



#### TIMOTHY BEVAN

Bardays is one of the worlds largest banks, and one of the most profitable. My job as Chairman is to ensure that we remain so. not just today but in the future, too.

"To do that we have to keep ahead of the ever-changing needs of both our corporate and personal customers. I see our major investment in Bardays de Zoete Wedd as being an essential part of that philosophy.

Throughout industry here in the U.K. and around the world, banks corporate clients are mining to the capital markets and the inelegantly termed securitisation of debt as alternatives to more conventional lines of finance. Particular expertise is needed to intermediate between issuers and investors.

"Through Bardays de Zoete Wedd, the group can now deliver skilled and widely. expenenced securities based services through our worldwide network.

"To take another example, our millions of personal customers will also benefit from BZW's close links with the stock market. We will soon be introducing a fast, inexpensive share dealing service through our high street branches.

"Linked directly to BZW, this will enable the small investor to deal more easily and more economically in a large number of stocks and shares.

"These are just the specific examples of the improved service we shall be offering to ensure that Barclays stays in front. There will be considerable benefits for both enstomers of and investors in Barclays Bank from our involvement in Bardays de Zoete Wedd?



#### MARTIN JACOMB

'As Chairman of Bardays de Zoete Wedd, my role is to ensure that we deliver both to clients of the Bank and to major institutions services that are complementary to but different from, those of our parent

"Distinctions are becoming increasingly blurred between different but similar intermedianes in the global securities market. And in a financial world that is also global in both its outlook and the scale of its financial needs. there is an increasing recurrence for an investment banking group with equivalent human and financial resources.

The combination in Barclays de Zoete Wedd of one of Londons top stockbrokers and major market makers, an innovative merchant bank, proven investment manage ment and the resources of the Barclays group will in my view, meet that need.

"In fact, I believe that our albance will very quickly prove an invaluable asset to all those clients who are already familiar with the individual parts of our organisation.

"And, of course, I believe it will also be a rewarding investment for the entire Barclays



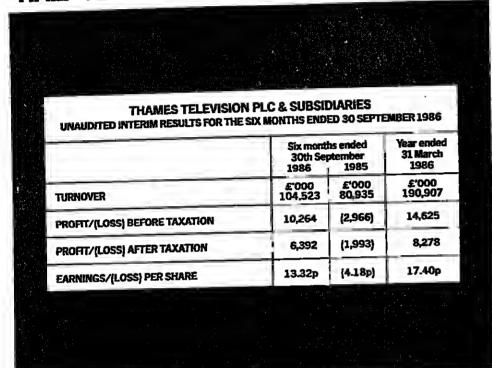
BARCLAYS de ZOETE WEDD

THE INVESTMENT BANKING ARM OF THE BARCLAYS GROUP

Ebbgate House, 2 Swan Lane, London EC4R 3TS, Tel: 01-623 2323.

Underpowered, overloaded juggernauts do not turn on a sixpence, and Thames Television won't be turned around in a hurry.

## HALF YEARLY REPORT FIGURES NOV 1986.



When a juggernaut is on the right road try stopping it.



Nick Bunker watches the Queen open Lloyd's new headquarters

# Lime St stages a grand theatre

THEY WERE taking no chances at Lloyd's of London yesterday. Moments before the Queen arrived in mid-morning to open formally the insurance market's new home in Lime Street, in the City of London, a woman member of staff appeared from the

Her job was to sweep with a vacuum cleaner the red carpet that snaked up the steps leading into the vast steel-and-concrete underwriting room of the London insurance market. As the royal party took their seats on a sea-blue dais facing the Latine Bell, high above their heads two men from O&K, the escalator company, were on station to watch for technical bugs in the

building's moving statrcases.
For Lloyd's, yesterday's ceremony and the champagne party
afterwards, was the climax of seven years' of work since out-

ceived for a new headquarters in the autumn of 1979. The new building, commissioned from the architect Richard Rogers, is the ninth to house the world's most famous insurance market since Edward Lloyd opened his coffee house in Tower Street in 1688.

But the ceremony had a symbolic value as well. Lloyd's has been steering a delicate course recently, as it emerges from the shadew of its well-publicised scandals, and battens down the hatches to await the Government-appointed Neill inquiry's report on the market's standards of self-regulation.

Yesterday was an opportunity for a piece of theatre. It was a grand re-assertion of pride and self-confidence and a chance to exhibit once again the nautical and patriotic imagery widch Lloyd's men have always liked to

weave around the everyday business of insurance. Everyone played their parts as they were expected to. Even Mr Rogers lived up to his role by ap-pearing in a white suit, blue shirt

Escotted by Mr Peter Miller, the market's chairman, the Queen (in a green coat and matching hat) passed a detach-ment of sallors from HMS Illustrious, the Royal Navy aircraft carrier which Lloyd's has adopt-

To Aaron Copeland's Fanfare for the Common Man (played by the City of London Sinfonia conducted by Sir Charles Groves she took her seat on the ground floor of the 240-foot high atrium. which Mr Rogers has made the central feature of the new building. Later, before the Lutina Bell was rung twice in celebration, she was entertained with

Haydn's Mass in D Minor (com-pased in honour of Lord Nelson's victory at the Battle of the Nile). Mr Miller made a point of albiding to the new Room's reputa-

tion as the City's most control sial new building The new Lloyd's is "in exciting...

contrast to so much of the buring architecture of the modern City, said Mr Biller. "H it is controversial let it never be said that."

Lloyd's cannot take a risk." The Queen was left to refer ob fiquely to the scandish that surfaced at Lloyd's in 1982. "Alongfaced at Lloyd's in 1982. "Along-side its successes of recent years, the community of Lloyd's last been faced with some major problems," size said. "Much time and effort has been spent in de-veloping self-regulatory require-ments. Steady progress has been made, and I am sure will contin-ue to be made, towards a better supervised market."

# for banking records

BY HUGO DIXON

BANKS WILL have to commission been to provide a minimum bench-from their auditors' annual reports mark below which no banks would on their accounting records and their internal control systems under proposals contained in a consul-

the Bank know immediately, giving

The paper details the criteria auditors should use in deciding by sector and country. whether banks have adequate records and internal control systems. The criteria complement the provisions of the Banking Bill published from the experience of the Johnson Matthey Bankers collapse and give auditors a more central role in bank

proposal does not mean it is farm- able to monitor regularly the bank's ing out to auditors its supervisory responsibility. It is simply improvement to add the supervisory responsibility. It is simply improvement to add the supervisory responsibility. It is simply improvement to add the supervisory responsibility. ing its information-gathering capac- tempt to attract more mortgage ity, its says, as it will still be its re-

quire major changes in the way more than £500m in loan applicamost banks operate, the Bank says, tions. although some modifications may be needed. The main concern has this year is now over film.

be allowed to fall. The paper suggests that accounting records should be good enough. tative paper issued by the Bank of to provide their managements with information on, among other If the reports are delayed or qual- things: large exposures, off-balance ified, the auditors will have to let sheet transactions; interest rate mismatches; overdue and out-of-order loans and the provisions made against these; and credit exposures

last week, which seeks to learn ments are entered into only after the management's general or specific authority has been obtained, that there are measures to minimise the risk of loss from fraud and The Bank emphasises that the errors and that the management is

sponsibility to decide whether the law is being obeyed. Neither the proposals on records working. In the two months since it nor the internal controls will re- started, the offer has attracted

Gross mortgage lending so far

#### Auditing guide proposed Falklands negotiations ruled out by Thatcher

BY TOM LYNCH

the sovereignty of the Falkland Is- agreements on waters that affected to remain under British rule, Mrs 150-mile conservation zone. Margaret Thatcher, the Prime Minister, strongly reaffirmed in the time understood that

insisted that the wishes of the islan- Raul Alfonsin of Argentina. ders remained paramount.

She told the Commons that the President had understood her Government's decision, perhaps for the

her US trip, she was asked by Dr Norman Godman, a Labour MP, any criticism of the reckless decision to impose a fishery zone anced reductions in nuclear and chemical weapons, while buying the offer his support for this foolish decision.

entina would not co-operate.

THERE will be no negotiations be- "I explained to the Pres tween Britain and Argentina about when Argentina made bilateral lands as long as the islanders wish us we had no option but to declare a "I think the President for the first

TO THE PROPERTY OF THE PARTY OF

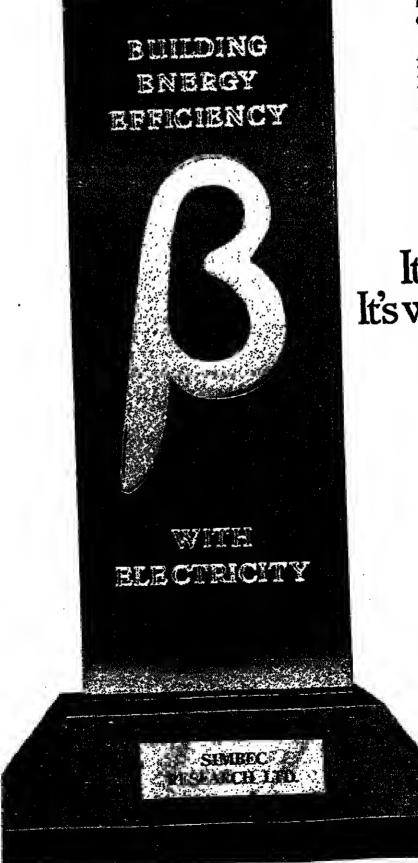
She told Sir John Farr (Conserva-Questioned by Labour MPs about tive) that it had been at one time asher discussions at Camp David with cepted on all sides of the House that US President Ronald Reagan on the wishes of the islanders were the inture of the islands and the paramount. This was before the British decision to impose a 150 tain leaders of the Opposition had mile fishery conservation zone, she had discussions with President

In her statement, she said she had told the President that Britain's preference remained a multilateral solution provided that the Argen-

She decribed her visit as useful whether the President had offered The agreed statement confirmed

The Prime Minister retorted: "It She and the President had agreed was an absolutely justified decision that the priority in the Intermedias I explained to the President. We are Nuclear Forces talks at Geneva. have tried since April 1985 to nego should be a 50 per cent cut in strate tiate a multilateral fishing agree- gic defensive weapons, a han on ment. We have not succeeded. Arg. chemical weapons and restraints -on shorter range systems.".

BUILDING BNERGY EFFICIENCY BLECTRICITY



We're proud to announce the first two national winners of our Beta Award for energy efficiency in private and public sector buildings.

To the new terminal at Luton International Airport goes the Beta Award for buildings over 1,000 square metres. This terminal's air conditioning. which incorporates heat retrieval systems, has energy running costs which are 34% cheaper, on

a volume basis, than for the previous building.
To Simbec Research Ltd's building at Merthyr Tydfil goes the under-1,000 square metres Beta Award. Storage fan heaters, fitted with weather sensitive controllers, and small air conditioning units have cut energy costs by over 29% compared with earlier buildings using boilers and radiators.

# It's not just the winning. It's what you gain before you even take part.

Three hundred and eighty buildings were entered in the preliminary rounds of the Beta Awards. From these, 28 regional winners were selected by the 14 Electricity Boards in England, Scotland and Wales.

Luton and Simbec emerged as the national winners, but every entrant demonstrated how the adoption of cost-effective electrical techniques could lead to significant energy savings - and also improved amenities and environment. Your building, too, could be a winner – just by taking part in next year's competition.

Send the coupon now.	ADDICATE
Please tick as appropriate.  Please send me your brochure featuring winners.  Please send me details, when available Beta Award competition.  Name	
Position	
Company/Address	
Post	code
Please send the coupon to: Electricity Publica Feltham, Middlesex TW14 OTG.	tions, PO Box 2, Central Wa

BUILDELECTRIC

Overseas Property

US

FARM CRISIS

698 ACRES of high quality farmland in the State of Mississippi

FOR SALE

Tillable acreage 663 acres Highest awards for rice,

cotton and soyabean Price: US\$663,000

Return: 7% p.a.

For more information,

Europe Office:

Huber Farm

Management Inc

#### **UK NEWS**

# US expects Rover to deliver cream

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE 150 US dealers who consider themselves lucky enough to have won the Rover Sterling car franchise are already complaining. They say they will not have nearly enough cars to meet demand this

That is music to the ears of the Austin Rover executives in Miami for the US dealer launch of the executive car known in Europe as the Rover 800 series and which will mark the company's return to the US for the first time since 1980.

Mr. Tim Lewis, of Long Beach,

California, echoes the sentiments of many of the dealers when he said he hopes to get 30 Sterlings a month but we could sell many

He has dealt with more than 20 inquiries from potential customers in the past few days since Austin Rover of North America (Arcona) ran its first "teaser" advertisement in Time magazine to create some interest before customers take delivery of the first cars at the and of

Mr Lewis reckons the advertising Mr Lewis reckons the advertising slogan hits eractly the right note. It says: "If only the Japanese could build a car like Jaguar. If only the English could build a car like Honda." This capitalises on Jaguar's recent revival in the US as well as the fact that Sterling was jointly developed by Austin Rover and Honda of Japan.

Austin Rover's financial recovery depends heavily on success in the US. Arcona has committed itself to take 27,000 Sterlings next year and 50,000 in 1988, about equal to UK sales of the executive Rover 800

Mr Norman Braman, chairman and major shareholder in Arcona, after judging the dealers' reaction yesterday is now almost certain he can build annual sales to 90,000 within five or six years to match BMW and Mercedes sales in the US today. That would be a substantial addition to Austin Rover's annual rate of output of about 420,000 cars as well as making the US the company's major export market.

The business should be highly profitable too. Mr Braman says Arcona should make a good profit in the first year if all goes to plan and Austin Rover would share in that through its 49 per cent shareholding in the import company.

Sterling's success in the US would also help reverse the seem-ingly-inexorable downward trend inthe UK motor industry balance of trade. According to Mr Trevor Tay tomers to buy the Sterling soon at stooping grey haired man, he startlor, Austin Rover's director of sales . and marketing the 27,000 cars Ar-cone will take next year will be worth about \$400m to UK exports. This compares with a total of 23,719 cars (Mostly Jaguars and Rolls-Royces) worth \$700m exported from the UK to the US last year.

If Mr Bramen meets his objectives, Sterling will be selling at an annual rate of 90,000 within five to six years and the UK trade balance will benefit by at least \$1.5bn. Honda will reap some of the benefits because its engines and transmissions are used in the US Sterling, accoun-ting for perhaps 6 to 10 per cent of the car's value. The sec

Mr Braman says that to achieve his medium-term goal be will have to be provided with a full range of cars to carry the Sterling badge in the US so that dealers could justify setting up separate showrooms - a move he considers essential if the



A coupé version of the Rover 800 for the US market is likely to follow the lines of the Coupé Concept Vehicle (above) which was seen at this year's Paris and Birmingham motor shows.

He has met Mr Graham Day, new

Mr Day already has restored a coupe version of the Rover 800 to Austin Rover's development programme, a project previously put on ice because of the company's de-teriorating financial situation. It suffered an operating loss of Offin in the first six months of this year compared with a £500,000 profit in the same period of 1985.

The coupe, expected to follow closely the design of the CCV (coupe concept vehicle) shown by Austin Rover at the Paris and Birwill arrive in the US in 1989, the year after a hatchback to be known in Europe as the Rover 600.

Mr Braman could not have been more pleased with the reaction of the US dealers yesterday when many of them saw the Sterling for the first time "in the metal". He still has some reservations, but says he will know very quickly, perhaps in three months from the launch, if Sterling is to be the success he

He reckons he has the best dealer network in the US but the key to Stering's success will be strategic pricing and the quality of car the Cowley, Oxford, factory can pro-

the US will help persuade some custer the launch, whereas otherwise ed as a drugs selesman before they would cautiously wait six months or a year to let others take a chance on its quality

Most of the dealers here seem to feel the indicated prices for the first two versions of the Sterling – about \$20,000 and \$24,000 - will offer good value for money and help them hit sales targets. About 1,400 dealers applied for the Sterling franchise which they see as one of the last chances to get a footbold in the fastest growing sector of the US car market - that for luxury European

Empty stockings...

empty lives...

empty words...

that's all 'Merry Christmas!' will

mean this year to thousands of ageing. unhappy people who are forced to live out their days in a loneliness and poverty they could neither foresee nor

prevent. Honest, kindly people - often cruelly bereaved - with savings and pensions hopelessly inadequate to

These are the sad, forgotten ones to whom the DGAA gladly extends the hand of practical help and lasting friendship. But without direct State

aid, we must have your support if we are to continue our life-giving, caring

work. Not just at Christmas, but all

There is so much emptiness still to be

filled with kindness, care and simple comforts. Please, please help. Today.

joyous.

through the year.

THE DISTRESSED GENTLEFOLK'S

AID ASSOCIATION
Founded 1897. Patron H.M. Queen Elizabeth, the Queen Mother

Dept 7, Vicarage Gate House, Vicarage Gate,

London W8 4AQ. Tel: 01-229 9341

"HELP THEM GROW OLD WITH DIGNITY"

(Please make cheques payable to "DGAA")

make Christmas bearable, let alone

new brand is to have a long-term fu-nonths as well as Europeans such ture. as Andi, BMW and Mercedes. Jaguar is in a different price bracket. chairman and chief executive of the state-owned Rover Group, Apstin up and poor financial performance of Austin Rover has caused some Mr Day's appointment in May and concern among the Sterling dealer-is impressed by his commitment to ships, but none has said that it wants to give up the franchise as a result of the publicity.

About one-third of Sterling dealers have Cadillac, General Motors up-market car range, as their main franchise, and the British car for them, in Mr Braman's words, will provide some "cream." However, if for some reason all does not go well they will quickly lose enthusiasm for the marque and begin to look elsewhere for that cream, he points

Mr Braman is, however, feeling more confident about Sterling's fu-ture in the US after yesterday's launch to dealers and their wives at which their enthusiasm was almost

Arcona dispensed with the hype which usually attends the introduction of new cars to dealers. "I am a dealer myself, says Mr Braman, "I know what I like to hear. That's why the launch was mostly a question-and-answer session with no bullshit. These dealers are my peers and I have to treat them with

Aroma is spending \$20m on the launch and first-year promotion and advertising, a relatively modest sum for the US motor industry, but Arcona is a small company in the US. "But, however much I had to spend I would have launched the portant too Mr Braman points out. the right way," said Mr Braman, points out. who stands to make his third for Honda's republican for reliability in the US will help persuade some car in the same way because it is

building up a chain of drug stores and then retired to Miami at the and reliabili- age of 34 after making his first million dollars. Three years later he was restless and bought a Cadillac dealership from a neighbour. That business, now known as Braman Enterprises, has grown to take in more than 20 car dealerships, mostly in Florida, which last year generated sales of \$600m.

Mr Braman put up "a very substantial sum" for his 51 per cent of Arcona but he suggests that the return could be more than worth-

Arcona should be highly profitable even to its first year of opera-500,000 in the past five years and is forecast to double again in the coming five. But it is increasingly competitive and the Sterling is having to battle with Honda's version of stock market more than Fuji, the the joint car, the Legend, which has producer of Subaru cars, is worth in been on sale in the US for six . Japan.

#### **British Coal** plans £400m mine project

By Meurice Samuelson

BRITISH COAL is to seek planning consent next year for a new CADSm mine in the Midlands despite grow-ing strains on its finances caused by the drop in world energy prices. The application, for a colliery at Hawkhurst Moor, near Coventry, could embroil British Coel in its biggest planning battle since the inquiry into its plans to mine coal because the Moore of Relativity in Laires.

British Coal, which is already ne-gotiating to buy the land for the pit's surface installations, has tried to defuse local opposition by choosing a site least likely to interfer

neath the Vale of Belvoir in Leices

with local amenities.

It expects opposition but hopes this will be mitigated both by the lay-out of the new pit and by the boost it will give to the local economy. Some 700 men would be employed during the construction of the pit and some 1,800 miners when it is at peak production.

.There has been speculation for several months that the project might be shelved because of the oil price collapse which has put back British Coars break-even target by another year. But it has been given approval after Government assurances of continued support for British Coel's £850m a year capital spending programme.

THE WORLD VALUE

#### Residential Property

# Live by the river. Walk to the City.

water elegant riverside spartments at Towerside offer you unique opportunity to enjoy the best of both worlds. Here you can live in luxury in one of the most historic parts of London. Now also one of the most exciting, with the lovely St. Katherine's Dock close by, as well as the Tobacco Dock' shopping centre now being built. Here, you'll be right beside Wapping Tabe, and less than a mile from the City. If you're energetic you could even walk to work there. Hop on the tube and go West for twenty minutes and, not amorphismly would find yourself in the Most for twenty minutes and, not

surprisingly you'll find yourself in the West End. Going the opposite way, the new Docklands Railway will take you to the Enterprise Zone

If you hurry, you still have a choice to live in these fabulous e and two bedroomed apartments. Each has a river view and a halcony. Each is designed and built to Water high standards of quality and comfort, backed by the NHBC 10 year guarantee.

Prices start from £126,000. But don't wait till they're all gone. Phone (01) 481 3576 now for full details, including how to see

Wates build with care.

SWITZERLAND 6. Mountain resorts THE CAN COME OF A PARTY OF THE CHARTY OF CHARTY OF CHARTY OF CHARTY OF CHARTY OF CHARTS OF CHART

#### Rentals

#### CHESTERTONS

Tower Bridge, SEI £145 p.w.

THE LARGEST RESIDENTIAL LETTINGS AGENT IN LONDON

SHORT AND LONG
COMPANY LETS
Near Marble Arch
Studio insm C50 pw
1 Badroom from C50 pw
2 Badroom from C50 pw
3 Bedroom from £50 pw DUKE

Keith Cardale Groves

Adjustificant third floor fait over-looking the triver facilities for extra-looking the triver floor. Recoption, slining room, kinchen, 2 double-bedrooms, 1 kingle bedrooms, 3 bettingores, same, pecced and cleakroom, 1750pm ress. KNEGHTSERIDGE SWI FREEDY SWIFT SERVICES SWIFT FREEDY SWIFT SERVICES SWIFTS

01-629 6604

PEXIBERTON &CLARK LOUDOUM RDAD, MWS-Superb de tacked house close to all ameni St John Wood-5 beds, 2 reci baths, mod kit. parden + pr cond. £1,200 pm. For further details please cuit Putty Sarvaed Apartments
Duke Lintiny Apartments
14 Eim Court, 11 Harrowby St
London Wi
Tel: 01-723 7077 /258 3668
Teles: 24141 DUKEAP - Fan: 724 8828

**HENRY & JAMES** CONTACT US NOW ON 01-235 8861

For the best selection of Furnished Flats and Houses to Rent in Knightsbridge, Belgravie and Chelsea

#### KENWOOD RENTALS

QUALITY PURNISHED PLATS AND HOUSES, SHORT AND LONG-LETS TELEC 25271 TELEC 25271

#### Holidays and Travel



DO DON'T HAVE TO CALL TO DEPENDENT HUMBERS, ONE DIES TO US DIN VI-SEX FICE VIEL SCIONE IN DIFFERENTION OF YOUR PART GLASS RUGHTS, CAN HIRE, ANTERNA CHETYNOUSCHTMALINING SHOTEL SCENARIOUS, AND THE BEST POSSIBLE TEXATS OR SKYPACS TO SOIT YOUR DIFFARD TRAVEL, RIGHT



Falcon LONDON 01-221 0088. Swiss City GLASGOW 041-248 7911.

CARIBBEAN CONCORDE. Jan/Feb 87 to Barbados. Antigua, etc. Special Prites 0244 41141.

Art Galleries

AMANA GALLERY, 1 Cromwell Cardent

Photographic Journey through lurkish Architecture. Until 18 . Jan. Tues. Sat. 10-5.30, Sun. 12-5.30. OMELL GALLERIES 4Se Duke Street, St. Lames's London, SWI. D1-93D 7744, MARINE PAINTING BY RARRY MASON, Mon.-Frt. 930-5; Sat. 10-1 pm from November 10th, 1985.

#### Legal Notices

IN THE MATTER OF

ISOLARIN MIDDLE EAST LTD

AND IN THE MATTER OF THE

CYPRUB COMPANIES LAW CAP 113

MOTICE IS HEREBY GIVEN that the
Craditors of the above-named Company,
which is being voluntarily wound up,
ers required on or before the 19th day
of December 1995 to send in their
full names, their addresses and
desadptions, full particulars of their
debts or claims and the names and
addresses of their solicitors fill sny)
to the undersigned Mr Antony Heir
rousses, FCCA, of Julio House, 3
Themistooles Dervis, PO Sox 1612,
Nicosis, Cyprus, the Liquidator of the
Said Company, and it so required by
notice in writing Itom the said
Liquidator, sre, personally or by their
dobts or claims at each time and
place so abilit be appetited in such
notice distribution meds before such
debts are proved.

Dated this 19th day of November 1986.

debts ers proved. Dated this 19th day of November 1986.

**Motor Cars** 

Announcing a Unique Auction of UFA road tested European & Japanese Ears to be held at the Hotel de France-Jersey on 8 Dec 1986 under the auspices of Za Flotte Garages Zimited and you are invited.

The major American manufacturers acquire European and Japanese vehicles for evaluation through road testing.

Maserari Spyder, Bitter SC, Nissan Micra, Fiat Uno Turbo, Talbot Cabriolet . . . and many These minimally used cars do not conform with U.S. standards, so they are being returned other high specification cars. All cars will be offered without reserve and MUST BE SOLD.

to their correct markets. Approximately 75 cars will be offered

For the caralogue please contact:-LA MOTTE GARAGES LIMITED 5-7 La Rue Grellier, Petite Longueville, St. Saviour, Jersey C.L.-Tel: (0534) 73777 Telex: 4192200 Fixx: (0534) 78187

for sale including Lamborghini Countach.

AUCTIONEERS:

Anglo American Auto Auctions Services Inc., Nashville, Tennessee, U.S.A.

#### **Company Notices**

#### ECU 20.000.000 SOCIETES DE DEVELOPPEMENT REGIONAL 11 1/8 % 1983/1990

We inform the bondholders that the redemption instalment of ECU 4.000.000-, nominal due on December 20, 1986 has been satisfied by a drawing on October 29, 1986, in Luxembourg in the presence of an Huissier.

The bonds will be reimbursed at par on December 20, 1986, coupon due on December 20, 1987 and following anached, according to the modalities of payment

The numbers of such drawn bonds are as follows: 8.037 to 12.036

Amount outstanding after December 20, 1986: 16.000.000. THE PRINCIPAL PAYING AGENT SOCIETE GENERALE ALSACIENNE

DE BANQUE 15. Avenue Emile Reuter LUXEMBOURG

AYER HITAM TIN DREDGING MALAYSIA BERHAD

(Incorporated is Metaysia)

NOTICE OF MEETING

E IS HEREBY GIVEN that the Forth Annual General Meeting of a History Tin Dredging Malaysia Berhad will be held at the PNS Tin Nor, Menara PNS, 2014, Jalan Tim Razak, So400 Kasia Lumor, No.

Crédit Foncier de France

US\$ 200,000,000 Floating Rate Notes Due 1995 with 200,000 Warrants to acquire by exchange of US dollar Notes or by purchase ECU denominated Floating Rate Notes Due 1995

For the period June 16, 1986 to December 22, 1986 the interest amount will be US \$ 335.05 per US \$ 10,000 Note, payable on December 22, 1986.



Clubs

The Agent Bank

Personal

#### ARROW CAPITAL N.V.

NOTICE TO SHAREHOLDERS NOTICE TO SHARPHOLDERS

The tip Special Tubician Meeting of Single-holders held in Curacoo on September 18, 1988 it was resolved that the company make a one-of repayment of stare promium out of its share premium caseve to the shareholders in the aggresses amount of USSA 100,000. As from Nowinder 24, 1886 holders to bear share the stare the entitled to receive manufactor of USSA 446 per share spoon presentation of Coupon No. 1 to

000,000,000,000,000 BANQUE FRANCAISE DU COMMERCE EXTERIEUR Floating Rate Notes due 1996 welch U.S.5350,000,000 is being Interest will be U.S.\$1,495.81 or each Note of U.S.\$50,000 and U.S.\$7,479.05 on each Note of U.S.\$250,000. BANQUE INTERNATIONALI
A LUXEMBOURG

Pursuant to Clause 7, Subclause (5) (tr) of the Trest Deed relating to the Bonds. settle is between the property of the Trest Deed relating to the Bonds. Settle is between the property of Sekisul House, Ltb. (the Company) held oe October 20, 1989 en October 28, 1986, the recolution was adopted on the issue of U.S.\$500,000,000 Sy per care. Goaragered beets Dus 199 made on November 13, 1990. Which was made on November 13, 1990. made on November 13, 1900.

Fursuant to Conditions 5 IC) (vi) of tisterm and Conditions of the Goods, the Conversion Frica was adjusted from Yer 310.0 to Yen 503.8 per shara, of Common Stock of the Company effective as from November 14, 1988, Tokyo time. SKriSUI house 1, 1988.

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
STERING Floating Rate Nobes due 1997
In accordance with the provisions of the
Notes, notice is hereby given that the
Notes, notice 15 hereby given that the
Notes and 1986 to 10th February, 1887
Nas been swed at 11.375 per cent per
annelm. 15th February, 1987 interest of 148.47 per sterling 5.000
i moonto of the Notes, and interest
ling 732.38 per sterling 25.000
i amount of the Notes, will be due
Coupon No. 9.
SWISS BANK CORPORATION
INTERNATIONAL LIMITED

> QUEBEC CENTRAL RAILWAY CAPITAL STOCK

above Stock, the Transfer Books closed at 3.30 p.m. on December will be respond on December 18. D. R. KEAST

Plant and Machinery

ALE of Second Hand Fork Lift Trucks.
All leading makes in stock including container studers, electric diseas or sea. All ready for immediate work. Inspection invited. Export enquiries welcomed. Price 1st sent on request. No reasonable offer refused. Birmingham Fork Lift Truck Ltd., 4-8 Hams Road, Sattery. Strettogham. Tel: 021-327 5944/5. Telen: 338723.

Othe President

The same being · John Far (Com 200 in the second 0 ed Argenta TOLER WELL BEEF

of takes ----THE WAY SE and was ----: Property ----TWO LEEDS . ಯ ಚಿನ್ನದಲ್ಲಿ - ಬ್ಯಾಪ್ರಿಯಾ ಕಟ್ಟು ar to an angle

 $R^{ij}$  ? N.C. . 10

ng

16.500 va : 5.00 17.10

# 'Doom and gloom' on oil attacked by minister

MR Alick Buchanan-Smith, the Minister of State for Energy, yesterday attacked "doom and gloom merchants' for painting a black pic-ture of the future of the UK off-

The minister said that this year he had approved 12 oilfield develop-ment projects worth £2.1bn only slightly down on last year's development spending figure of £2.3bn. This is hardly the story of an in-

He pointed out that 58 explora- produced mainly in the west of tion wells had been started this Scotland, admitted that he was conyear, only three fewer than in the same period of last year. Appraisal drilled were done because the operators were under obligation in their licenses to drill them.

Mr Buchanan-Smith, who speaking in the Glasgow Exhibition Centre at the opening of Wescon 86, an exhibition of offshore equipment

cerned about the future faced by the offshore platform and module wells numbered 33 as against 40 in fabrication yards after current or-1985. Only 40 per cent of the wells ders run out in late 1987 and early

But he said: "I don't think that the oil scene in Scotland is anything it's hard, but there's still a very long

# OIL DISTRIBUTION WORKERS ACCEPT JOB CUTS AND SHORTER HOURS DEAL Wage rises of 33% in Shell restructuring

BY PHILIP BASSETT, LABOUR EDITOR

EMPLOYEES in Shell UK's oil dis- concluded, especially in the private tribution division have voted to accept a restructuring package which includes basic rate pay increases of up to 33 per cent and 2% hours off their working week in return for years of the comprehensive nationjob cuts of 30 per cent and new

the Transport and General Work- . Hours: Drivers' and other emers' - although its negotiators have playees' normal basic 40-hour week all effect on earnings could be much welcomed them - indicate that will be cut to 37% though under a smaller - increases of perhaps 5-6 some high pay deals are still being committed hours scheme drivers per cent.

sector, if they are funded by extensive changes in working practices.

The terms of the proposed deal, which is the first redrawing for 20 al agreement covering 1,600 tanker drivers, terminal operators and aviation staff, are complex. They in-

will work an additional average of 7/2 hours a week.

• John In introducing larger but full workforce flexibility between oil tankers, Shell is looking job grades.

• Pay: Those that agree to such a step will move to a new salary level which will feature a sharp increase on annual basic pensionable pay - from £9,131 to £12,220. Although this is an increase of 33.8 per cent, Shell insists that because of the reduction in overtime involved in the committed hours scheme, the over-

as part of the package for 501 fewer

jobs, cutting the workforce down to

about 1,100. The company's normal

The proposals, which are the result of year long negotiations, have and unpublished redundancy terms been accepted at depot level by balare being offered, which Shell says lot by a majority of 2-1. Shell says are generous. To allow for the deal if implemented will Shell is looking for acceptances of it needs to make to its distribution its voluntary redundancy offer by division, and says that it offers a the end of November.

• Work standards: This will in
and pensionability of a higher pr

# Loyalist MP faces lengthy Dublin trial

witnesses in the case against Mr shle for security reasons. The spe-Peter Robinson, deputy leader of clai court is presided over by three-the Rev Ian Paisley's Democratic judges sitting without a jury.

After a solicitor for the departal in Dublin on serious public order harges, the Irish Special Criminal Court heard yesterday.

The East Belfast MP travelled to

Dublin from Belfast for a brief hearing in which Mr Justice Robert Barr set January 13th for the opening of the trial and remanded him on continuing bail of IE10,000

(£9,500). Mr Robinson faces 11 charges arising out of a midnight Loyalist on across the border into the bret in August, during which he was arrested. They include assaultthe charges.

His case was transferred to the

ment of public prosecutions said it intended calling 59 witnesses, Mr Justica Barr said it was clear the poses Mr Robinson with the prob-Dublin during the trial or travel back to Northern Ireland every day. He said this had not yet be

curity headache of getting him sale ly to and from the city-centre court house each day. Yesterday, Mr Rob-

Among those accompanying him were his wife, Iris, and the Rev Wilspecial criminal court, which is Ire-land's anti-terrorist court, because Unionist Party MP for mid-Uister

#### GEC wins £51m order for American fighter

BY LYNTON MCLAIN

GEC AVIONICS, the prime contract on the day of Mr Younger's Nimrod warning system, has won a \$72m (£51m) export order for cockpit dis-

nies F-18C fighter aircraft. The British company, part of the GEC group, based at Rochester, Kent, in south-east England, announced the order yesterday to coincide with the first flight by Mr. Fer by Boeing to offset 130 per cent George Younger, the Defence Sec. of the cast of a British Awars order retary, in the Nimrod AEW aircraft. with work for UK industry. The

ing E-3 Airborne Warning and Confor about two and a half years troi Sysem sireraft (Awaes). He GEC Avionics said. the Cabinet decides on the new air-Royal Air Force. A decision is expected before Christmas.

tor for the Nimrod airborne early flight, GPC Aylonies said it was "ex-warning system, has won a \$72m pedient to do so, because the latest contract was a very good example of a UK company selling its equip-

None of the head up display or ders involved any offset arrangements with US companies, GEC Avionics said, in a reference to the of-Mr Younger is evaluating the General Dynamics order helps to Nimrod in a contest with the Bos secure the jobs of some 800 people

borne early-warning aircraft for the lographic head-up display system to be put into volume production. GEC Avionics said. It uses optical tech ting its latest export niques to give pilots an ultra-wide ss in the US military market, field of view from their cockpits

#### THE BREAKFAST TIME TOAS

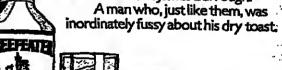
At 9am each day the board members of James Burrough may be found making their toast.

That's the time when they sample and 'nose' the previous day's distillation of Beefeater London Dry. They like their toast to be clear, brilliant and subtly balanced. With a dry softness that doesn't overwhelm

Only then is it allowed to leave the distillery bearing the proud name of Beefeater.

Invariably it meets the required high

Which is undoubtedly what prompts them to raise their glasses to the memory of their founder Mr. James Burrough.





TO GET MORE OUT OF YOUR ELECTRICAL ACCESSORIES COMPANY, BE A SUCCESS IN SOAP

Duraplug electrical accessories and Wrights Coal Tar Soap. Behind these successful names, the success of London International Group plc. We are among the world's leaders across a whole series of consumer products and services - in photographic processing and contraception as well as electrical accessories, health and beauty products and fine china.

In seven years our pre-tax profit has quadrupled on doubled turnover

Our yardstick is performance. Our strategy is expansion.

We can see the potential where others cannot - in a market, a process, a company, a product. And we know how to make that potential work.

For those who invest with us. And for those who work

We would like you to know more about us. Please telephone 01-250 3078, extension 250 and we will send you our latest company report.

London International Group plc. 20-25 Glasshouse Yard. London ECI 4/N.

LONDON INTERNATIONAL GROUP

SEE THE POTENTIAL - MAKE IT WORK.

ew York-TWA gives you Liberty.

TWA's convenient daily flight times give you freedom to choose. Whether you wish to arrive in time for business or pleasure, TWA's daily flights make it possible. On the ground, TWA's own terminal complex speeds you on your way into New York or on to any of TWA's other 60 or more US cities. See your Travel Agent or ring TWA on 01-636 4090.

dep. LONDON are NEW YORK

The official 'IWNY' airline

company's new music director-

designate and the British operaproducing debut of Ynry Lyubimov.

It was also the first time

after any halfway decent per-

formance of this opera — glad to he alive.

The later, stranger, knottier

0 2 E

Court age rapid

Control of the contro

. Te catter gel

gineration.

The second

\* 15 E

order

of Mr Transpile "Avenue state or or, because

u i my pro

Tipe Tipe

te serie

भार का कियाँ

a a telegratu

er i finder e a Entident

THE STATE OF THE PARTY.

and make

سُعِيدُ مِنْ الْمُعْمِيدُ \* النَّاسِةِ فِينَا لِن الْمُعْمِيدُ اللَّهِ

والمتناف والمدور

.: .=====

5 1 1 200 TE

encered its

---

2-1-2-

الع أميال المجاوري

4 PEC 1957

ميسيد وينا الان ميسيد وينا الان

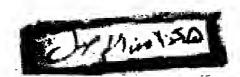
بسي بالماسدين

;<u>a</u>\_m.s

20 ---

2. 75 TE

hter



#### Jenufa/Covent Garden

Max Loppert



was worth the sacrifice of that direct communication between

direct communication between cast and audience that Jenufa (in English) has always enjoyed at Covent Garden, All of the Kostelnicka's past (much of it removed by Janacek's libretto from Preissova's play) tells in her present: passion inbfloited, pride disappointed, ambition thwarted, ever more gaunt — but never melo-

gaunt — but never melo-dramatic—with suffering. After

those unsatisfying Royal Opera appearances as Marina and Venus, it is good to report renewed vocal strength and steadiness, with hardly a flinch

or squall under pressure.

Ashley Putnam in the title role misses only the impulsive countrygirl energy that other Jenufas have shown us. She is radiantly beautiful of person, with a kind of fine-china delicated that supports real except.

with a kind of fine-china deli-cacy thet suggests real sweet-ness of soul; and radiantly beautiful of voice, the most limpid, lustrous Janacek soprano I have heard. Philip Langridge (Laca) and Neil Rosenshein (Steva) are not sufficiently contrasted of phy-

Eva Randova and Ashley Putnam façade, visible much of the time, can suddenly he laid flat (by figurants) in moments of psychological crisis. Apart from the hridal chorus of Act 3, there are no folk details and no folk colours in the timeless-to-modern costumes.

Expressively choreographed non-naturalism continually was worth the sacrifece of that

The later, stranger, knottier

Janacek operas—even the "impossible" Osud—have all made huge headway with the British public. Now it is time to return to the earliest of his operas to be acclaimed a masterpiece, and to find that it pales not the thiniest hit in comparison. The strength of Lyubimov's production is its surging theatricality: the celebrated Russian has responded with passionate intensity to the dramatic economy of the work, to its psychological and social honesty, and to a poetic lyricism of sound less compressed in those later works yet still in perfect control of its dramatic articulation. The first Covent Garden Jemio, though it declined into minaginative rote in later introducing an element of the libreton of the libretton. It is producing an element of the libreton of t

The first Covent Garden
Jennjo, though it declined into
nnimaginative rote in later
years, had the merit of Jan
Brazda's scenery, simple and
realistically localised in ways
currently out of fashion.
Picturesque Moravia figures
very little in its successor. A
bare stage is bounded by
revolving side panels, e striped
backcloth, and a small grave
with cross permanently over the with cross permanently over the all of the characters. The pro-prompt-box. There are no sets duction is anchored, and saved, to speak of; a wooden house by the power of its performsique or manner (Steva is as morose and hangdog as his sup-posedly less prepossessing half-brother). Both are tenors of lotelligence, sensitivity, with keen stagecraft; Mr Langridge's top notes do not ring out, as Janacek presumably expected, but he sings with wonderful distinctness of phrase. In a cast without weakness Grandmother Burya (Elizabeth Bainbridge, a Jenuja veteran). Karolka (Claire Powell), and the mayoral couple of Eric Garrett and Maureen Morelle are out-

Haltink'e first encounter with an opera is almost always an announcement of intentions to be realised, gradually and persistently. In Act 1 I noted a lack of rhythmic punch in the dances; a general tendency to aoften and sentimentalise instrumental summaries of scenes will no doobt be counteracted with experience. (The ose of the amplified, now discredited Kovarovic scoring encourages the tendency; it is claimed, unconvincingly, that the Mackerras edition ploneered by the Paris Opera, the Decca recording, and Welsh National Opera was "unavailable.") The dramatic impulse of the performance is already urgent; if this is the sort of company show Haitink is aiming for, the Royal Opera is in for a golden period. Opera is in for a golden period.

But away with those bideous distractions flashing obove the proscenium arch! From a seat in mid-stalls, the head movement required to catch them was sufficient to interrupt con-centration on the actors; and what one read was pitifully feeble gain. Whenever more than one character was singing —one of the things, surely, that opera is "about"—the ability of the titles to keep np simply collapsed (so much for the "opportunity to follow more closely the intricacies of a libratic "). And to leave expected libretto "). And to learn crucial information — such as the Kostelnicka's "I'll deliver the child to God!"—before it has been heard from the character's lips denies the very nature of theatrical communication.

#### Television/Christopher Dunkley

#### A series of fallacies

Has television changed politics? No, though politicians seem to have changed politics somewhat because of the way in which they seek to exploit television. Has television changed history? No, but the royal family has probably changed history a little by the manner in which they use television. Has television increased violence in society? No, television is an electronic system of communication and is incap-able of increasing violence: no Haitink'e first encounter with one has ever been mugged by a 21-inch Pye. Moreover, no mug-ger was ever induced to hit an old lady over the head hy television, though he may well claim it was all the fault of the telly when he is taken to court. In the immortal words of Mandy Rice Davies, he would wouldn't

> relationship between television and the way we live are prompted by an almost volcanic explosion of programmes devoted to the subject of television itself. Fourteen years ego when I succeeded T. C. ego when I succeeded T. C. Worsley as the occupant of this space I also started presenting a weekly late-night BBC2 series called Real Time, produced by Philip Speight, which sought to deal with television's own problems and triumphs. We were lems and triumphs. We were regarded as, at best, eccentric. Many within the industry clearly found us deeply suspect: why did we want clips of such and such a programme if not to subvert television from within?

> Today there is Saturday Review which quite often deals with television subjects, and Did You See? which does nothing else. The South Bank Show ing else. The South Bank Show opened its current season with e programme devoted to John Mortimer (it looked disappointingly like e puff for ITV's Mortimer series Paradise Postponed), and the new season of Arena which starts on Friday will include a programme all about television chat shows. The first of a new series of Just first of a new series of Just Another Day last Friday con-sisted of John Pitman visiting the standing set of EastEnders and talking to the cast.

viewers to eppear on screen and comment on programmes have become fashionable. Best by become fashionable. Best by far, thanks to the rigour of Gus Macdonald in playing the ombudsman, is Channel 4's Right To Reply. It is the clear superiority of this series, I take it, which has finally induced the BBC to modify Points of View, a programme which, all too often, has consisted of the presenter scoring chean, points off. senter scoring cheap points off the absent-letter writer.

Public access slots enabling

many people are fascinated hy the subject and ready, if not desperate, to talk about it, which is hardly surprising given that average weekly viewing per head of the population is now over 27 hours.

However, it was not so much regular programmes which induced the speculation about television and its supposed social effects, but the rash of special programmes produced to mark the 50th anniversary of the opening of BBC Television. Rather cleverly these have not been presented as some monu-mental monolithic series; instead various producers have taken different aspects of the subject and shaped individual



image of his father Richard

programme made by Sally With acknowledgements to Doganis and Michael Cockerell Ruskin I call this the pathetic (the reporter on the notarious fallacy, that being the phrase Panoruma episode "Maggie's he used to ridicule those poets Militant Tendency") shown on who hahitually attributed Organis and Michael Cockerell Ruskin I call this the pathetic (the reporter on the notorious Paroroma episode "Maggie's he used to ridicule those poets Militant Tendency") shown on two successive nights on BBC2. In Television and Foreign Reporting Jonathan Dimbleby recalled his father's great days and, with the help of a host of clips, reminded us of the high quality of reporting we used to quality of reporting we used to enjoy from men such as James Mossman and James Cameron, whose vocabularies were not pruned to suit the supposedly demotic requirements of e mass

There are more of these 50th birthday programmes to come, the climax being timed for the end of November in a two-hour end of November in a two-nour programme made in the form of a public inquiry with the title Television On Trial. That will directly address such questions as the relationship between television and violence in the such that th in society, and television and moral values. But we do not have to wait for that programme to be able to see that attitudes towards television are dogged by a series of fallacies, widely and strongly held, but still fallacies. This has emerged clearly during the course of the special programmes already screened, and in the ensuing

The first involves the aftri-bution of human characteristics to television as though the very wires and transistors were somehow capable of maintaining -or debasing-a moral code. Party and crossing the floor of the House to join the Opposi-tion."

There are two main reasons why television commercials sell detergent: first, that is what they are intended to do and immense efforts are put into ensuring that they will; and secondly, viewers are highly receptive to the message beceuse they like and need deter-gent. If programmes were intended to "sell" violence, and if immense efforts were put into ensuring that they did, and if viewers were highly receptive to the message because they liked and needed violence, then matters might be very different. The usual response to this,

and of course it recurred last week, is that "You are not taking account of juvenile delinquents, they just copy what they see." If that were so, then generations of delinquent teenagers would have been running around crucifying one another, since the most familiar image in every city, town and hamlet in western Europe for hamlet in western Europe for the last 2000 years or so has been thet of a man nailed to e cross, with blood running down his body: a vivid and violent image if ever there was one (and incidentally often three-dimensional). Where are the imitators?

Anyone who seriously believes that it is television which has spread the riots of our time across the country needs to explain how the tollgate riots and the agricultural machinery riots and a dozen other sets of riots spread so fast in the centuries before television. Then they need to explain why it is always the unemployed and poor youths of places such as Brixton and Toxteth who riot today and not their well-heeled contem-poraries in Cheltenham and Stoke Poges. Don't rich teen-agers watch television?

(the broadcaster) and the receptiveness of those at the receiving end (the viewers). In a the hlame for all sorts of social phenomena on to television and that it is just our most ceiving end (the viewers). In a recent Newsnight discussion Conservative MP Tim Brinton encapsulated these ideas when he mouthed the cliche that people believe anything they see. Clearly he excluded himself from this indigement. His assertion will carry more weight on the day that he comes before us declaring "I believe and women who make the proand women who make the programmes, not wires and tran-sistors. The 21-inch screen in Labour's latest party political sistors. The 21-inch screen is broadcast and tonight I shall be the corner is wholly amoral.

# Mr & Mrs Nobody/Garrick

#### Michael Coveney

Pooter in print was effected three years ago courtesy of Keith Waterhouse, whose Mra Pooter's Diary was a spirited and very funny gloss on the Grossmiths' Amperishable classic, By interleaving his own cook, her efforts invariably met classic. By interleaving his own fiction with The Diary of a Nobody, Mr Waterhouse has now produced a pleasant, whinasical play in which Judi Deach and Mchaef Whitamis have ample opportunity for elaborate on their Ping Romance television relationship as well as the suburban double act in Pack of Lies, Their playing together is a delight and of a high technical order.

a high technical order. Ned Sherrin's production is presented as mashamed Victorian flashback, with a piano and violin playing parlour tunes on the first floor of the Holloway terraced street and the sitting room of "The Laurels" trundling forward in the authentic shape of Julia Trevelyan Oman's Arts and Crafts sitting room complete with tasselled table cloths, William Morris wallpaper, e lamplit upright plano, stained glass windows and a heavy traverse curtain to keep out the

smog from the railway. It was Carrie's first deed in keeping her diary to scotch her husband's assertion that the rumhling locomotives caused no sucking, bearded Charles is impervious to the rattle of windows and the clouds of smoke which make Peckham, from where they have moved, ever more attractive to Carrie than is replaced in Waterhouse with where they have moved than is replaced in Waterhouse with the news that Pooter's hearing in the chaotic maid Sar for Darwitts, the romantic disillusioning of Carrie gives us one of those irresistible Dench and serving the emotional silent screams; and the news that Pooter's boss has inconvenience. Williams' pipe-

The liberation of Carrie Holloway. Weterhouse's Carrie cook, her efforts invariably met with a duil Pooter compliment on her meat tea before an excursion.

The framatic upshot is a couple, of overlaiping mono-logues with several moments of sentimental affection when jokes are shared. More often, though, Miss Dench is firing critical brickbuts at her chuckling spouse who keeps open house for constant friends like Cummings and Gowing (yes, we have that joke too) and fails to mend the sash cords. The episode of the bath painted in vermilion is told according to both distries, the comie explo-sion skilfully detonated once Pooter stands crimson and ebashed after a long hot soak.

ractory, but the tarnsmess of some support of the policy of the policy of the master's voice, or Miss Dench upright stationer Mr Darwitts, delivering a scathing descriptive summary of her son's heloved Daisy Mutlar ("Her With Mr Williams standing in the standard of the support of the suppor



Michael Williams and Judi Dench

nestic matters and a writer in Islington and the Mansion House are topped in furious, The physical impact of the sarcastic commentary which outsiders is confined to some prepares the way for a serious old Punch-style one-dimentor one and the departure to stay sional cut-out crowds for the with her best friend Annie

a full-blooded disputant in purchased the freehold on their domestic matters and a writer home reduces her to enraged who is easily Pooter's match. tears ("Carrie crying with foy" The outings to the Tank Theatre is Charles's entry) which she smothers in an heroic accept-ance of her fate and a bottle of outsiders is confined to some old Punch-tyle one-dimensional cut-out crowds for the Mansfon House Ball and the Peckham dinner, a scenic device more quaint than satisfactory, but the raffishness of Waterhouse's main inventions: but the raffishness of Waterhouse's main inventions: but the raffishness of Waterhouse's main inventions: smith's drawings, infuriatingly her skidding flirtation with the noright stationer Mr Darwitts, lot. The musical duets are designed to his revenue with the noright stationer Mr Darwitts, lot. The musical duets are designed to his lightfully done, with Penny Reder's literally speechless and dicking the prepares the way for a serious least she has won the battle, row and the departure to stay with Pooter's increment, for the with her best friend Annie (now Mrs James) of Sutton. Miss Dench builds on these scenes to Mr Williams is a blithely smith's drawings, infuriatingly and amusingly resigned to his lot. The musical duets are de-lightfully done, with Penny Ryder's literally speechless and chaotic maid Sarah flicking the pages before administering to Pooter's hungover headaches

#### Demidenko/Elizabeth Hall

before us declaring "I believe anything I see. I have just seen

The second is the assumption that while you and I can of course see through television's wicked ways, the rest of the audience — thickies all — are being led by the nose. This we might call the Whitehouse fallacy, after the woman who believe that the second the effort

believes that, whereas the effect of television's sex-and-violence

upon her is to turn her more and more firmly against it, the

effect upon everyone else is

that "If television sells deter-gent it must sell violence too,"

and in a way this virtually en-compasses the other two. It is a

misconception arising from the failure to consider both the intention of the message sender (the broadcaster) and the re-

The third fallacy is the belief

precisely the opposite.

Dominic Gill

The Russian planist Nikolai . The kinship with Horowitz orchestral plano -- at the Gate And now, as part of its new daytime service, BBC1 has started Open Air, which provides 55 minutes or a full hour every weekday for public discussion of television. Clearly many people are fascinated by many people ar pausing for hreath between superlatives, were moved to invoke the name of Horowitz: and at Demidenko's South Bank recital debut on Monday their praise was amply confirmed.

He is a sensational young artist—31 he may be, but the platform manner is that of an arrogant, boyish 20—gifted with an ebsolutely phenomenal command of the whole range of keyboard colour, steel-cord fingers, tireless energy, and the keenest self-critical ear. Every minute of his recital was a sequence of brilliant calculated risks, exhilarating on their profusion, and for the most part gloriously successful. He is clearly in love with the piano, and that is what counts most of all: in everything he played on

programmes to fit. The Story of Royal Broadcasting was a 65-minnte programme made by Maryse Addison for BBCI. Television And Number 10 was an excellent two-part adventure.

mic pulse. It was the sort of playing whose quality and ex-citement are exceptionally diffi-

as near perfect as makes no difference, brilliantly conceived,

citement are exceptionally difficult to describe in general
terms — the tension was
generated by the musical detail:
a pedal cloud at the end of
"Tuileries" from Mussorgsky's
Pictures which took the breath
eway with fits audacity and
beauty (the pedalling was uncommonly inventive throughont); a hard, crystalline chord
of "Catacombs" melting, before
its resonance had died away of "Catacombs" melting, before
its resonance had died away,
into velvet; the jubilant peals
of bells — a consortium of the

#### Saleroom/Antony Thorncroft

#### Old Masters boil over

Demand for works of art of buyer for a Watieau, three the highest quality seems almost insatiable et the moment. In New York on Monday night Sotheby's sold the 46 Old Master

and modern drawings which John R. Gaines had collected in the past 14 years for £14,681,586 minor, lot failed to find e buyer. Gaines concentrated on works by the big names, end the auction established 26 records for individual artists. By far the most important item was a page of drawings by Leonardo da Vinci, with sketches of children on one side and of machinery on the other. Very few such pages remain in private hands and not surprisingly this one sold for £2,503,448, to the London dealer Adrian Ward-Jackson.

Ward-Jackson was buying on behalf of the Getty Museum. The price, a record for a Leonardo drawing, was above the high forecast, while the auction as a whole exceeded the top estimate by 50 per cent. Among the modern masters Picasso's charcoal drawing Fête d'homme à la pipe doubled its forecast at £1,137,931 while an "inter-national dealer," often a psendonym for Wildenstein, paid £758,621 for the Degas ballet pastel "Le pae hattu."

The Rembrandt landscape, a view of Houtewaal, with figures on the Anthonisdijk on the reverse, which Gaines had acquired at the Duke of Devonshire's famous sale at Christie's in July 1984 for £400,000, went to the American collector lan Woodner for £660,000, a record for a Rembrandt drawing. "La danse," by Matisse, sold for

studies of a head of e young girl; a record £550,000 from a Japanese collector for a Millet, the famous pastel of the strid-ing peasant, "Le semeur," which has been much engraved.

Records for Fra Bartolomme and Veronese, for Carracci and Tiepolo, for Guardi and Cana-letto—a pen and ink sketch of the east front of Warwick Castle which made £493,103. There was also a record for a Turner watercolour: his Vene tian scene of a storm approaching San Georgio sold for £398,276. Another wealthy private buyer was Armand Hammer. He paid £303,448 for Durer's "The satyr's family" and the same sam for a sheet of sketches by Veronese.

A CONTRACTOR

A group of Roman figures dating from around the 2nd century AD, which were brought to this country during the Grand Tour but have spent their recent years on the bed of a lake, fetched good prices at Phillips yesterday. MacAlpine Ancient Art paid £26,400 for a marble figure of Venus Genetrix while two other successful London dealers were Anti-quarius which paid £19,800 for a figure of Diana and Faustus which secured Dionysus for £17.600. Bacchus sold for £20,900. All the figures are in poor condition and show 18th

At Christie's Spink paid £12,000 for the Field Marshal's baton and medals of Sir Henry Wylie Norman, the distin-guished Imperial warrior of the 19th century. In the Japanese sale a rare model of a roistering Dutchman, sitting astride a gin cask, made in the 18th century,

century additions,

# Arts Guide

out pre-Revolutionary production for the RSC has moved from the Fit with Alan Rickman and Lindsay

over lowers and other riffraff. (886 6111, CC 836 1171). Theatre Shaw, and e much underrated play. and e much underrated play, the full BSC works by John LONDON . given the mu new woman cra Ceird, a Polish new woman cra conservatory i Les Lizions Dangerence (Amhassa-dors): Christopher Hampton's mas-terly version of Leclos epistolary novel is sary, withy and wise, like a collaboration between Markaux and de Sada, Howard Davies's sellinto the surrey conservatory in her monoplane. Jane Lapotaire spackles alongside Brian Cox, Elizabeth Spriggs and newcomer Rich McCabe (628 5795, CC 538 5891).

Lend Me a Tenor (Globe): Ian Talbot leads the new cast in Ken Ludwig's fizzing comedy about backsings tribulations in Cleveland, Ohio, dur-

Niusic/Monday, Opera and Ballet/Tuesday, Theatra/ Wednesday, Exhibitions/Thursday, A selective guide to all the Arts appears each Friday. ing e doomed 1932 tour of Verdi's Otello. A blight at the opera. (437 1592, CC 379 6433).

(437 152, CC 579 5433).

Kafkats Dick (Royal Court): Alan Bennett resurrects Kafka as a tortoise in the living room of e contemporary dogsbody researcher, an insurance clerk like his hero. Brave, strange and funny play about hinging, in part, on the enlarged matter of a small member, (738 1745/1857).

(736 1745/1851).

Venam in Mind (Vaudeville): Alam Ayckbourn's new comedy has a bril-Ayckbourn's new concedy has a bril-hant performance by Julia McKenzie as e diszananad nousewne vau-ed on her own garden lawn by an imaginary ideal family. Bleak but funny, hailed in some quarters as vanguard feminist drama; he not put off by that. (838 8987/5645).

and serving the over-familiar blancmange with an eye-

Cats (Winter Garden): Still e sellout, Trevor Num's production of T.S. El-lio's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid

and overblown idea of theatricality. (239 6262).

(239 E202).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the "30s incorporates gens from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by e large chorus line. (977 9020).

La Cage anx Folles (Palace): With some timeful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to exputure the feel of the sweet and hilar-large original harvespe high highlighten. ious original between high-kich and gaudy chorus (757 2525),

rnhem, Schouwburg. The Bristol Old Vic in Vaciau Havel's Largo Desola-to directed by Claude Watham (Mon) (422741).

CHECAGO

Pump Boys and Dinettes (Apollo Cen-ter): Facetious look at country music lown-home country life with a good beat and some memorable igs, especially one played on kitThe Marriage of Betty & Boo (Arena):
Christopher Durang's latest swipe at domestic life and marriage has an amphingraphical str as it dissects times generations of a contemporary American family. James C. Nicola directs a cast headed by Casey, Biggs, Doma Snow and Thomas Anthony Quinn. Ends Nov 23.

chen utensils has proved to be a du-rable Chicago hit. (935 5180).

WASHINGTON

November 14-20

TOKYO Takarazuka All-Ghis' Revue. This

re, near Ginza and main botels. Afternoon and evening performances. (591 1711).

ngiris: Michael Bennett's Broadway Tony and Grammy Award win-ning musical. The story of a 1960s female pop group, this is an original production brought to Tokyo by Isstan Department Store and Asahi Television as part of Isetan's center-nial celebrations. Kosei Nankin

£644,828, another record. And so it went on—a record cask, made in the £587,931 paid by an American sold for £15,400.

phenomenon, the smithesis of Ka-buki where all the roles are played I'm Not Respectort (Booth): The Tony's best play of 1986 won on the by girls but with typical Jan strength of its word-of-mouth popu-larity for the two oldsters on Central Park benches who bicker uproarocence and carnesiness and totimotenes and carriesness and in-tally un-camp, is e must for visitors. Takarazuka perform elaborately staged and skilled musical adapta-tions of both Japanese and Western plays – also revues and standard musicals. Highly improbable plots are more than compensated for by speciacular stagings and impagates. iously about life past, present and future, with a funny plot to match, (239 5200). the Mystery of Edwin Drood (Imperial): Rupert Robne's Tony-winning
resurrection of the unfinished Dickens classic is an ingenious musical spectacular stagings and huge casis. Takarazuka provide another insight with music-hall times where the su-dience picks an ending. (239 6200). into the incongruous mosaic of Japanese culture. Detailed English summaries in the programme – in case the original story is altered be-yond recognition. Takarazuka Thes-METHERLANDS

When it comes to contract hire, few companies work so skilfully and efficiently. None do their job so well. Call Leasecontracts - for any car you choose.

<u>easecontiracts</u>

#### **FINANCIAL TIMES**

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Wednesday November 19 1986

# Insiders and raiders

INVESTIGATIONS into alleged insider trading dominate press headlines on both sides of the Atlantic, Well known companies such as Goodyear and Gillette in the US, or Allied Lyons and Ocean Transport and Trading in Britain, have come under unwelcome pressure from cor-porate raiders, both domestic and foreign. Industrialists complain, in the columns of the American press and at the annual conference of the Con-federation of British Industry, that the financial community has become little more than a gambling den. In short, there is e smell of easy money and scandal in the air, accompanied by a fair measure of sanctinonious comment from all around. Is this merely the inevitable froth on top of a market that has run out of steam? Or is there a more fundamental malaise?

In Britain the immediate focus of attention has been the departure of Mr Geoffrey Collier from Morgan Grenfell following a breach of internal rules. He is said to beve mede a profit of £15,000 on the purchase of the a profit of £15,000 on the purchase of shares in a company for which a client of Morgan Grenfell was about to make a bid. Many in the City argue that this demonstrates that self-regulation works, since the breach of rules was detected and followed by disciplinator. and followed by disciplinary ection. Others claim that it is the tip of the iceberg. Since insider dealing is e criminal offence in Britain it is for the courts to pass judgment on Mr Collier, But on the more general question of whether insider dealing is rife, there is every likelihood that the City's critics will have further opportunities to go on to the attack in the near future, though not necessarily with good grounds.

#### More ammunition

Those who stand to lose most from insider trading are arguably the market makers. With margins coming under pressure in London in the aftermath of the Big Bang, and with business being more widely spread across pants, those same market makers are both sensitive to the a discipline to industrial potential losses from inside management. But to do so transactions and less able to effectively requires more protect themselves. Trangressions that would previously have been dealt with via the sinp by the investment institution formal mechanisms of the tions and a readiness to eschewing the come out into the open, as present climate is allowed to a greater number of partici-pants, those same market come out into the o market makers protect their own interests. The more severe

That said, it is hard to believe that insider dealing is taking place in Britain on the scale implied by the Securities and Exchange Commission's allegations against Mr Dennis Levine and Mr Tvan Boesky on Wali Street, Mr Collier's profit looks Street Mr Collier's profit fooks laughable when compared with the \$50 million profit that Mr Boesky has agreed to give up. The extent of arbitrage operations in US markets in the course of the present takeover boom is also far greater than anything experienced in Europe.

#### Banking imbalance

There is, bowever, a common feature in at this, apart from greed. The frentic takeover climate, in which both corporate raiding and insider dealing are prone to flourish, has been fuelled by an imbalance in the banking and securities system that arises from an overload of bad debts in sovereign and corporate lending. A shortage of good borrowers has age of good borrowers has encouraged the world's larger banks to promote the interests of corporate raiders without adequate regard to risk and the adequate regard to risk and the ability to repay. American Savings & Loan institutions are equally ready to purchase high yielding junk bonds in the hope of making good the hole in their profit and loss account and believe sheet arising from near balance sheet arising from poor lending in the past.

The result is that corporate raiding is increasingly financed by equity disguised as loan capital on which the servicing obligations can only be met if the bonds are refinanced on

different terms.
This is unhealthy and in due course will become self-correcting as unsound borrowers go to the wall. But in the meantime the corporate raiders will pose a threat not only to long term investment in productive assets by mainstream industrial com-panies but to the financial system as a whole. The social climate also becomes more divisive as those outside the financial community cast envious eyes on the short term profits made in the markets.

prevail the politicians can be expected to extract the inevit-

# any downturn in the markets, able price, in the form of the more ammunition the critics increased regulation from the of the Citly will enjoy. Political market in the regions

THE north-south divide in publicly-owned housing serves Britain is not only economic, a sick regional economy. but even more markedly poli-in such regions some variabut even more markedly political; the reminder last week from the Knowsiey by-election, bureaucracy is all that is at where the Tories came a poor present on offer; yet this is a third, was hardly needed. It is problem to which the Government could make a characteristic market-based contribution, ster, as our interview today makes clear, and the holders of many Conservetive marginals will be relieved to know it. This argues for a will be relieved to know it. This argues for a may well depend on the Government offering some imaginative jects and to create unfair comment offering some imaginative ment offering some imaginative new proposals for this most per-sistently insoluble of British economic ills. Otherwise the Labour and Alliance approaches, depending in a different balance in each case of central funds and devolved decision-making, will be the only fancied runners.

a body with sweeping decision-making powers which is only vaguely answerable to anyone. as opposed to the political market in regional grants and planning constraints; its results may be cometimes inclegant. and sometimes objectionable to local opinion, but they are fast and dynamic.

#### Frontier economics

This approach recreates the economics of the frontier, where wealth creation comes first, and are found in much broader, beavily developed regions, where an impressive infrastruc- and the Irish ture of roads and largely education-based.

jects and to create unfair competition with established industries, with a framework of general regional incentives.

#### Ploughed back

The paper proposes a number of specific incentives — for example that the benefits of the Business Expansion Scheme only fancied runners.

Mrs Thatcher is clearly should be concentrated entirely inspired by the remarkable should be concentrated entirely inspired by the remarkable should be concentrated entirely inspired by the remarkable in the regions, and that half of the State-owned royalties from natural resources should be ploughed directly back into the urban wasteland in the south of regions (nearly always problem regions) where they are a lot to be eaid for this very British piece of pragmatism—

a body with sweeping decision—

because of pragmatism of the concentrated entirely in the regions, and that half of the State-owned royalties from natural resources should be regions.

because of the London Dockland in the State-owned royalties from natural resources should be regions.

because of the State-owned royalties from natural resources should be regions.

because of the State-owned royalties from natural resources should be regions.

because of the London Dockland in the State-owned royalties from natural resources should be regions.

because of the London Dockland in the State-owned royalties from the State-owned ment should spread its financial patronage to regional brokers and finance houses. The general drift of these proposals looks promising, though the details are highly debatable. The approach could even be non-partisan—it echoes the former Labour-sponsored regional employment premium. It certainly seems desirable to reduce the role of official intervention and amplify mar.

intervention and amplify market incentives in the regions (as the Chancellor is arguing in the wages field). However, there are two more strands to be woven political constraints follow in its in to any convincing pattern: wake. It does work, but it is not active steps to encourage local a universal solution; it will financial decision - making a universal solution; it will manage a universal of Scotland, es well as the successes recorded in Brittany and the Irish Republic, is

RS Margaret Thatcher bopes to "get rid of force" in British politics in the course of one or perhaps two more terms of Conservative

The Prime Minister told the Financial Times in an interview on Monday that the main themes for the Tory manifesto at the next election will include reforms in education, more initiatives to renovate the inner cities, investment in nuclear power and more-much moreprivatisation.

She remains committed to cutting taxes, especially at the bottom end of the income scale, but warned that if public expenditure looks like getting ont of

band, the Government is pre-pared "to do another 1981"— when taxes went up.

Mrs Thatcher said that she was "quite pleased" with the economic growth prospects et the moment — 3 per cent next year on the Treasury forecasts — and "quite pleased with the steadily improving performance of manufacturing industry." But: "We are not quite the same as West Germany yet. I

wish we were."

In a central part of the interview she argued that the economy will have to become stronger before she is ready to commit Britain to full membership of the European Monetary System, and that time will come System, and that time will come almost certainly after the general election. Although "one does not rule out anything at the moment, that is when I would expect to have to reconsider it," she said.

The Prime Minister's main arguments against full memory. arguments against full mem

bership at present were as follows. Pirst, she thinks EMS members ought to observe the same rules. "For example, some of them have exchange control . . . That obviously gives them a control mechanism, which we

do not have."
Secondly, while Germany does not have exchange controls, it also does not have the petro-currency problem. "When the price of oil goes down it is 100 per cent benefit to Germany and only 50-50 to Us." "Thirdly, people think of going into the EMS believing

into the East believing

that somehow you go in
and everything in the garden
will be lovely without you having to make so much effort.
That is just not true." If Britain went in along those lines, Mrs Thatcher said: "The lines, Mrs Thatcher said: "The speculators will come in." To resist them, "you have to do one of two things—you have got interest rates or interven-

tion. There is no way in which you can intervene to any great extent." Support operations from other central banks, she added, amounted only to other people lending you money.

Asked whether full membership might not lock in a low inflation rate, the Prime Minister replied: "Ah, but that means

then that I have to swing up interest rates very high regard-less. They might, fluctuate much more because we would be tested. . I do not want interest rates any higher. I have to put them up in order to keep a limit on inflation."

An interview with

the Prime Minister

# Two more terms to eliminate socialism

By Geoffrey Owen and Malcolm Rutherford

son for her reluctance to go in now. "You know, we came out of the snake" (a forerunner of the present European monetary system). "It is etched on my mind. We went in and we came out. When we go in (to the EMS) we will go in strong and stay in."

ours to delegate; the history of increasing liberty from the power of the state."

She is undecided on whether to accept the terms of the teachers' agreement reached list weekend, mainly on the grounds that the best may not

To a question about the cur-rent sterling D-mark rate, the Prime Minister said: "I think it bas gone low enough." However, she refrained from making any pledge that the rate will be sup-ported. "We may believe it has gone enough," she went on, "but it is what the marker helions it is what the market believes and you know what the market is: 95 per cent of the movement is speculation and the other 5 per cent is trade. Thet is why I said to you earlier thet if we had confidence that we will have a clear run-you will have alternative governments to this one, but if they were not socialist governments—then I do list governments—then I do powers over the think that the prospects for local authorities. this country would be trans— Nuclear power

need for a third term: "If may have to use as her Christ-people could be sure that we mas reading. (Two Christmases would never have another socia-list government, increasing fourth London airport.) control of state, increasing concontrol of state, increasing con-trol of ownership . . . then I adamant: "You cannot do with-think the prospects for this out nuclear power and more country would be really bright nuclear power."

rounds that the best may not be sufficiently rewarded. "Differentials matter, what your top teachers are paid matters and it matters to your mathematicians and physicists that they have a chance, if they are good teachers, that they get a reasoneble salary in a reasonable time, so the pay structure is absolutely critical."

Whatever the decision here, edocation is part of what the Prime Minister called "very much e forward movement" for the next manifesto. Inner cities will feature prominently there will be more Urban Development Corporations, with powers over the heads of the

Nuclear power is another priority, though what kind of reactors and wbether any are commissioned before the elecback to what she said at the tion depends on the Sizewell start of the interview about the Report which Mrs Thatcher

the order and the form. "The longer I am in government," the Prime Minister said, "the more I know that governments ought not to have to make some of the decisions that they do on nationalised industries. If you look to see why an industry is nationalised, the only reason that I can really work out is so that government can interfere."

She was asked to be more specific. That, she replied, was not possible at present. You look and see which are the best ones to take first and also how best to do it, because sometimes you do it piecemeal, sometimes you will take a whole industry. Sometimes you will do it with 50 per cent and then . . . In various ways, the electricity, coal and steel industries are all

possibilities.
The coal industry, she said, "really is getting into a much healthier state than it has ever

the other day. What struck her was "the attitude of the people there; because of the way in which they had been treated by management, every single person knew that his job was significant." One of them told her: "We

do not beve to call in the unions very much, because if we have a problem it is sorted out there and then on the shop floor between whoever is res-possible and the next management up."

She made a speech saying that within a few years our standards and quality would be every bit as good as the Japanese and the workers interrupted and said: "No, ours will be heart "."

The Prime Minister also scat-tered praise on some British companies, and not only Jaguar: Carrington Viyella, for instance, "Manufacturing raw materials, like polyester cotton," she said,

"all companies which were a one with their people."

Jaguar apart, she sees the
British car industry as a problem expressing her disappointment at the successful opposi-tion to the deals involving General Motors and Ford earlier

this year.
"Ford," she said, "has done
a lot for this country. Ford actually contributes to the revenue of this country. .... It contributes to the money that we have been paying to British Leyland... What was terribly difficult to get over to people was that BL was no longer a big volume car manufactures whereas we had 4 per cent of the cars of the European market the others had 11-13 per cent . . there is no way in which you can spread your overheads over 4 per cent, no

way in which you can do your new models."

Mrs. Thatcher thought that she might beve handled the matter better if she had been in power longer. "We came across sometimes you get it in politics—a political feeling which you just cannot, at that moment, overcome, and then you have to say: All right, we will just have to put it on one side at the moment." With the assistance of Mr Graham Day, she will try again in the New

she will try again in the New Year.

The Prime Minister seemed rather less happy about tax and public expenditure than the public persons at the time of the autumn statement two weeks ago. "We have got higher public expenditure than we would have wished," the said, "Insofar as money has been seent if is not available for tax spent, it is not available for tax relief. When we get that higher expenditure as we have, then the only thing that I can do is as we did in 1981; hashi-that it is soundly financed." that it is soundly financed."
On tax cuts, she went our
"The most urgent thing at the
noment is the people at the
hottom." However, she is also
giving consideration to cutting
the top rate of income tax from
60 to 50 per cent, if only because
lower tax rates and higher
salaries in the US could induce a further brain drain from Britain. She added: "I cannot promise that that would be top priority." though she said she was concerned about the posi-tion of scientists.

"The fact that the American

top rate is coming down so much," she claimed, "will affect some of our top people, and that does give me cause for concern because to our top, scientists they can offer both a fantastic laboratory facility as well as fantastic salaries and most people do work for their family, and that is not a bad

"So we will have to watch that, particularly the science and technology side because so-much industry is science based. and so much of the future is going to be science-based.

Mrs Thatcher also referred to—as is the habit of Chancellor Nigel Lawson—the problem of high unit ishour costs in Britain.

Britain.

Asked what could be done about it, she said only: "I can only point out ... look if you lose business, people must be have to put them up in order to keep a limit on inflation."

Mrs Thatcher no longer refers very much to the sterling/dollar rate. What we are talking mid of socialism as a second about," she said, "is a D-mark standard, and then you have all the problems that we used to have with devaluation, if it comes. We are getting stronger and one day we will go in."

The political rate than it has ever the and I find myself saying in some speeches: "Do you realise that under a Conservative force and have two (parties when it goes up. Some people say five years, some would say the problems that we used to have with devaluation, if it comes. We are getting stronger and one day we will go in."

The political sting in 'Me conservative for this country was adamant. "You cannot do without muclear power and more on tructear power and more only a question of time as to see that under a Conservative fovernment even the nationalised than the some speeches: "Do you realise that under a Conservative for the moment. It is government even the nationalised think the prospects for this out nuclear power and more only a question of time as to see that under a Conservative force and have two (parties when it goes up. Some people when it takes about 10 years of delegating power end responsibility and of spreading both ownership and management. Mrs Thetcher went to the Nissan plant in the North Eeast than it has ever think the prospects for this country was materials, like polyester cotion," she said, "in some speeches: "Do you realise that under a Conservative Government even the national five to power sting." It was, she said, a question of delegating power end responsible to presume the conservative content. It is not really or year, some would say the carried the refers was materials. If we conserved them in some speeches: "Do you realise that under a Conservative Government even the national five to prove the carried to p intended to presume the conse-quences of their own action."

#### **BET** makes bankers conform

BET, the diversified services group, has struck a blow for companies which actually pick up the tab for those "tomb-stone" advertisements which grace the pages of the financial

"Tombstones" record the members of banking consortia involved in capital raising and other deals. They are studied closely by other bankers to see who is doing what, and for

Traditionally the banks have

Traditionally the banks have determined the lay-out and style of the "tombetones," although the advertising bill has been picked up by the company involved.

BET has now achieved what it believes is a breakthrough in determining the typography and general style of a "tombstone" for a recent £55m convertible bond issue lead managed by Credit Suisse First Boston.

Boston.
It will look more like a BET promotional advertisement in its style than the usual bland recital of the banking pecking

"We seem to have created quite a stir in that market place," says Nell Ryder, head of corporate communications at BET. "It gives us an oppor-tunity to advertise that we might, otherwise, have neglec-ted. I hope that once we have done it everyone else will take the opportunity."

Those banks that do not

already have a creative depart-ment should lose no time setting

#### Out of control

Spain's socialist government suddenly found itself deprived this week of the legal weapons with which it has been pursuing people accused of smuggling money out of the country around the time it came to

power in 1982.
The country's Constitutional
Tribunal, upholding an appeal on Monday in one currency evasion case, ruled that the foreign exchange control act brought in by the previous government in 1979 was invalid.

#### **Men and Matters**

approved by a majority of all nuclear weapons proliferation, the members of parliament, it be said. said, since it affected fundamental liberties.

The decision is expected to be applied to other pending cases, including the so-called "Palazon affair," in which a former Spanish consul in Geneva, Francisco Javier Palazon, was alleged to have consultated. alleged to have co-ordinated an exchange control evasion net-work involving several members of Spanish high society. Palazon subsequently vanished after being released on bail.

Another alleged network was uncovered this summer, leading

to the resignation of an Army general who held a senior post in the Ministry of Defence.

The Tribunal's ruling could also effect some of the charges made against former executives

of the Rumasa banking and business conglomerate, seized by the government in early 1983. Currency offences were among the original charges laid against Jose Maria Ruiz-Mateos, the eformer Rumasa chairman, who was extradited last year from West Germany.

#### Nuclear strike

Robert Jungk, the grand old man of the German anti-nuclear movement, was in a troubled mood yesterday. The 73-year-old writer was forced to give a press conference in Bonn to deny claims that be incited protestors to violence at a demon-stration against a nuclear fuel

factory 10 days ago. Jungk, softly spoken and erudite, explained that he remained as opposed to violence as ever — but that his patience was running out with the Government over its proclaimed

pro-miclear course.
West Germany's move into the
"platonium economy" through
the planned building of e commercial reprocessing plant was

The law should have been storing up untold dangers of

And he could understand people turning to anti-nuclean violence — though it was " poli-tically wrong." Jungk, who may be prosecuted

for urging demonstrators to render the nuclear fuel factory at Hanan, near Frankfurt. "kaputt." voiced concern ebout general measures to tighten security and give the police more powers." If Hitler had had the same technological eppara-tus of control as today, then the Third Reich would have been a lot worse," he said.

#### King restored Next year is the 750th anni-versary of the city of Berlin,

Surprise, surprise, the divided portions, east end west Berlin, will be celebrating separately. East Germany is spending billions of marks to spruce up east Berlin for the occasion. Among the larger outlays has been 100m marks to re-equip and restore one of Europe's most beautiful opera bouses, the Deutsche Staatsoper on Unter den Linden boulevard. The house was re-opened this

record of survival. It has been destroyed seven times. When it was last rebuilt from ruins in the 1940s the new communist landlords dropped the inscription dedicated to Frederick the Great over the main portal. It may be a sign of changing times in east Europe that now, 30 years later, it is back again in golden letters—conveying in Latin the message: King Frederick for Apollo and the Muses.

The opera house has a fine

But the authorities have not gone so far as to restore Frederick's monogram over the first tier balcony in the position of bonour. Instead there is a ham-

mer end compass, the east German state seal.
Unlike the rebuilt Dresden opera house opened last year, all the fixtures and fittings in the cast Berlin house have been produced in the country, except for ideologically - acceptable Cuban marble in the vestibule, Opening night guests marvelled et the exquisite hand-made silk tapestry wallpeper, and the delicately gilded mir-tors and chairs.

#### Political view

So the BBC thinks it has trouble with Norman Tebbit. Live tele-vision is an even for perilous affair in a country like Italy where power is so sensitively divided and every political party is obsessed with the treatment it receives from the magic eye. Casting even one small pebble into the smooth waters is liable to cause an almighty splash — as the plump and diminutive, bearded Italian comedian, Beppe Grillo, is

discovering.

Grillo's sin was to rehearse one act but perform another during the live broadcast of the top-rated spectacular on RAI I

He decided to have a go at the politicians, including Prime Minister, Bettino Craxi, still highly sensitive because of criticism of the number of family and friends who accompanied him on a recent trip to China. In Peking, joked Grillo, Craxi's socialist party deputy saked him if it were true that all one billion Chinese were Socialists. "Yes," confirmed the Prime Minister. "Then who is left for them to rob?" asked his

Pretty tame stuff, you may think—and none of Grillo's other jokes were exactly side-splitting. But they were sharp enough to bring screams of outrate from across the body

The newly appointed Socialist president of RAL Enrico Manca, was put in the job to prevent this kind of excess, and be is now leaning on his Christian Democrat director-general to "do something ebout it."

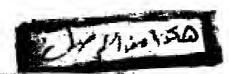
Observer





In 1879, Louis Brandt founded Omega. Our automatic perpetual calendar watch is programmed to the year 2100. Fashioned from 18-carat gold, it incorporates a crown set with seven diamonds, a transparent back, and a hand engraved movement. It may be seen at only a few. carefully selected iewellers. ASPREY & CO.PLC 165/169 Bond Street, London WL CARRINGTON & CO LTD at Sellridges Ltd, 400 Oxford Street, London WI.

GARRARD & CO LTD 112 Regent Street, London WI. MAPPIN & WEBB LTD 65 Brompton Road, Knightsbridge, London SW3. PETER BURROWES LID 236 Edgware Road, London W2.



"CHEQUEMATE the taxman in nne beautiful move," promises the glossy booklet advertising the "independent" black homeland of Ciskel as "Africa's new tax havan." At first sight it seems an unlikely offer. The Ciskel, a wedge-shaped strip of land the size of Wales with nearly one million Xhosa-speaking black inhabitants, is a monument to the art of houndary gerrymandering by Pretoria's homeland architects.

Nearly 12m hlacks live in what are, on the whole, poor, overcrowded and remote homelands created as part of the grand strategy of apartheid. The aim of the homelands policy, now recognised as unrealistic even by Pretoria, was in create a constellation of black "states" around a central case. "states" around a central core of "white South Africa"—where blacks woold have only the status of immigrant workers, not citizens. A few of these states, like Bophuthatswana with its platinum mines, hava considerable natural re-sources. But most, like Ciskei, independant since 1981, are tha image of poverty,

Separated from the larger Transkei to the north by a narrow strip of "white South Africa," Its very existence contradicts Preturia's principle of separate homelands for each of the main tribal groups. Instead of one homeland, the Xhosas, with their distinctive clicking with their distinctive clicking language and history of strong resistance to white domination, have been divided into two. Together with the Tswana tribal homeland of Bopbuthatswana and Venda close to tha border with Zimbabwe in the far north they are both classified as "independent homelanda" by Fretoria which has bestowed upon them a covereign status recognised by no other country in the world.

no other country in the world. A land of few natural riches, Ciskel's overgrazed soil is now home to thousands forcibly np-rooted from the neighbouring white Republic.

Faced with the almost imposeible task of trying to make such an artificial state economic-ally viable, the Cisketan govern-ment, led by President Lennox Sebe, has opted for a fairly extreme versinn of supply side economics. Ironically, its free-wheeling private enterprise approach comes closest to that advocated for white South Africa by think-tanks like the Free Market Foundation—but resisted by the government in

are do word in:

्रवाची विकास सामानुस्थान

कारण स्था अञ्च to the state of

On March 1, 1985, the Clskei abolished company taxes, deregulated the small business sector, reduced personal tax to a maximum of 15 per cent on incomes above R8,000, and offered foreigners freehold title sector, reduced personal tax to a maximum of 15 per cent on incomes above R8,000, and offered foreigners freehold title to land. Other advantages included a 60 per cent rebate on the Ciskel People's Developrail tariffs to all destinations ment Bank. Despite recessionary within Southern Africa, a 60 conditions in South Africa as

South Africa's homelands



# The supply-siders of Ciskei

By Anthony Robinson

rates for key managerial personnel, cheap alectricity, and a 10 per cent price prefarence an government tenders. The only tax applicable to business is a flat 15 per cent withholding tax on repatriated profits.

The decision to offar investors tax-free status, and embrace the tenets of "supply side economics" stemmed from

the realisation that the existing incentives offered in line with Pretoria's "industrial decentralisation" policies—aimed at attracting investment to the homelands—were too expen-sive. Not only did they bring in sive. Not only did they bring in capital intensive investment and marginal companies of doubtful viability but were open to shuse by companies which received cash wage subsidy grants but peid their isbonr less than the subsidy itself. According to Mr Dave Hart, general manager of the Ciskei People's Davalopment Bank, the tax-free regime is not Bank, the tax-free regime is not only cheaper for the Ciskel—as well as for Pretoria which funds half the decentralisation subsidies—it is attracting profitable, viable and dynamic companies.

a whole, 40 new companies have been attracted to the Cliskei over the past year and 19 exist-ing factories expanded. New industrial investment of R68.7m flowed into the bomeland with the creation of 5,744 new jobs while, for the first time, private capital invested exceaded public

sector finance by 29 per cent.

Tan years ago, when the
Ciskel Development Bank was
founded there were only four factorics in the area. Together they employed 1,100 workers. Today Ciskei boasts 141 factories employing over 30,000. They are situated mainly in tha three growth points of Dimbaza,

three growth points of Dimbaza, Fort Jackson, and Disa, At Dimbaza, some 50 kilometres by road and rail from East London, Ciskei's development policles have clearly borne fruit. The town was bighlighted in a BBC talevision documentary a few years ago, which focused in the misery of displaced homeland blacks: its displaced homeland blacks: its



per cent subsidy on mortgage a whole, 40 new companies have title, "Last Grave at Dimbaza." Bot where once the graves looked out upon amptiness, they now lie sandwiched between a township of over 50,000 people and a new industrial estate where the hundredth fectory, run by an Indian-owned paint company with branches in Johannesburg and Durban, was proved recently. The large of a tax-free environment rather than cheap labour was the main

> But so far the policy has only scratched the surface of Ciskei's massive unemployment prob-lem. Wages are low and trade unions are banned; trade union-ists have been harried ruth-lessly. Clakel remains beavily dependent on remittances from emigrant workers living in the white Republic, and on Cisket residents holding jobs just across the border within South

While jobs are being created at Dimbara and the other growth areas, some of the worst memployment is to be found in townships like Mdantsane at the southern extremity of the homeand. Originally developed to supply chasp and abundant labour to the port of East Lon-don and its associated indushard hit by the recession and has received little of the invest-ment which has been channelled into the growth points and the ment.

development of the new Ciskel capital of Bisho on the hills above King William's Town.

Opponents of the homelands system in general, like the African Market Construction (A)

see states like the Ciskei as a key element in Pretoria's policy of divide and rule. Their leaders are reviled as unprin-

cipied "sell-outs."
Critics reserve special oppro bium for President Lennox Sebe. But despite widespread allegation of top-level corruption and nepotism, and accusations of wasteful expenditure on prestige projects, Ciske's economic policies have attracted considerable discreas interest considerable discreet interest from other homeland adminis-

rout other numerate administrations.

Politically the Ciskelen government under President-forlife Lennox Seba has acquired an uneoviable reputation for brutal suppression of dissent.

Two years after independence Two years after independence dozens of Ciskeians were killed and bundreds arrested in an attempt to break up a year-long bus hoycott. The security forces were then beaded by the President's half-brother, Gen Charles Sehe, a former sergeant in the South African security forces, who created a climate of fear in the townships.

who created a chimate to rear in the townships.

The bad publicity generated by Ciskei's handling of the bus boycott and a general tendency to take independence more literally than Pretoria intended. literally than Pretoria intended, led to second thoughts about the Ciskaian leadership. Rumours of an impending coup reached President Sebe while on a visit to Israel in July 1983, prompting him to return unexpectedly. Since then, many of his closest advisers, including some of his immediate family, have found themselves in jail.

The President's apponents

The President's opponents have called un him to resign have called un bim to resign and allow free elections but there seems little chance that he will agree. The greatest challange to the future of the bomclands systems as conceived by Pretoria, bowever, comes not so much from feuding at the top d la Ciskei hut from the pressures caused by rising population, unemploy-ment, overcrowding, soil erosion and other consequences of poverty. And although less

volstile than urban townships in South Africa, the homelands, are no longer insulated from the turmoil. Ciskei believes It has found

a way of creating employment through a tax regime that attracts capital and which it hopes will also encourage tha creation of an indigenous black entreprepeurial class. That is what Pretoria also wants to achieve in the Republic itself. At the moment, Clakel seems to be ahead of the game, But the political clouds appear to

The Channel Tunnel

# Time for competition on the tracks

By David Starkie

NOW THAT Eurotunnel has railway which are truly a raised an initial \$206m in the natural monopoly from other financial markets (and Parlia-hlts (train services) for which mentary matters are well on competition can provide the the way to being finalised) this is an opportune time to con-sider one aspect which so far has received less attention than it deserves. I refer here to tha railway services, or more pre-cisely who will own and operate

Existing proposals are for two distinct kinds of service. First, distinct kinds of service. First, a railway shuttle carrying wehicles from Cheriton near Folkestone to Frethun, southwest of Calais. This will be operated and managed as well as owned by Eurotunnel; it is seen as the raison d'etre for the existence of the tunnel. The shuttle will either supplement or, as some would have it, aventually replace existing ferry services on the short sea crossing between Kent and Pas ide Calals. But initially at least the market will be a very competitive one and much of the petitive one and much of the argument concerning the via-bility of the project has centred on the extent of competition, and the tunnel's share visa-vis the ferry services.

the ferry services.

Tha other rail service is of a more conventional mould—the operation of through services of both freight and passenger trains by BR and its French counterpart SNCF.

Although there is potential for some competition between the two stale railway organisations business thus fee has not been trained by the stale of the stal

tions, business thus far bas proceeded on a co-operative basis including proposals to devalop designs for naw high-speed trains jointly. For rapid pointto-point passenger traffic the only element of competition faced by the rail depoly comes from air passenger services. Rail freight sarvices too will not be subject to internal competition barto limited competition at the margin from road freight (using either RoRo shipping services or the numel sbuttle). What is missing entirely under the pre-sent proposals is any competi-tive element within-the railway

I have illustrated how this could be achieved in my contri-hution to a hook to ha published on December 11.\* The essence of the idea is to view the track and the trains as separate entities for ownership purposes — to distinguish the bits of the

spur to both increased efficiency and higher quality of service. The aim would be to emulate a practice which is common in both road and air transport: National Express coaches com-pete against private coach companies on the state-owned motorway system and rival airlines (some in the private aector) utilise airports which are in

Separate, and often public, ownership. The last analogy is the more useful because of the schedul-ing and safety implications. Air-lines arrange for access times in the terminal, runways and immediate air space; in effect they rent this access. Translated into the rail context, access to lines and terminals would be rented by companies competing with RR/SNCE. These companies BR/SNCF. These companies would then sell their services directly to the public.

It cannot be argued that these are false analogies; the quintes-sential feature of the concept is embodied in the heads of agree-ment exchanged between Euro-tunnel and the railways on September 24. This agreement sets out the hasic principles for sharing track capacity, and the operating patterns, speeds and train priority. It also contains a specific provision enabling Eurotunnel to charge BR/SNCF for the use of the tunnel infra-atructure. The challenge now is to apply these same principles and agreements to the BR rail natwork this side of Cheriton (and to the Continental

network across the Channel). Such an opportunity might attract a number of interests including inclusive tour companies. Some, like the Thomson organisation, have purchased their inclusive tour bookings in spite of the competitive nature of the airline charter market. Conveying tourists using their own trains to Continental cities would provide the inclusive tour company with a further option. Alternatively, one might see the development of specialist train petition drives down railway charter companies selling operating costs.

capacity in bulk to the inclusiva perition and Regulation: the UK Exprisers, added by John Key. Colin Mayer and David Thompson OUP. David Mayer and David Thompson OUP. David

Privately operated freight trains might appeal to inter-

nationally-minded freight forglomerates.

To enable the competitive potential of this approach to be realised it will be necessary for the Government to establish and enforce clear "rules for entry" and to discourage final agree-ments which prevent competiments which prevent competitive use of the tunnel by anterprises other than BR/SNCF. The existing heads of agreement (these are not yet legally binding) give BR/SNCF an entitlement of up to one half of the tunnel's capacity. This slone should not preclude Eurotunnal selling further capacity provided, that is, that state railways are not given the exclusive rights to use the tunnal for through train services or a financial stake in the project. The allocation of capacity entitlements to BR/SNCF should not in principle, preempt this capacity from use by third parties. What is necessary is a requirement (possibly introduced as a modifying clause to the Channel Tunnel bill) that BR "wholesale" both the tunnel entitlament and its extensive network capacity to its own operating sectors and

extensive network capacity to its own operating aectors and to private interests on equal and fair terms—terms which the Office of Fair Trading would subsequently adjudicate. The object should be to facilitate the provision of additional commercial services over the commercial services over the public rail network (analagous to the Valua Added Network Services permitted under the 1981 British Telecommunications Act).

Introducing competing rail services through the tunnel would have the advantage of would have the advantage of reducing BR's need to invest in rolling-stock and locomotives leaving it to concentrate its limited capital resources on the basic infrastructure. But the chief beneficiary will be the consumer who can expect to the form a greater register of gain from a greater variety of services, from product innova-tion and possibly from lower fares and freight rates as com-

#### Intellectual asset stripping

Sir, On August 20 you reported that BTR had sold to Goodyear of the US a British company that has developed computerised tyre assembly system which could revolutionise the tyre industry world-

wide,"
On November 11 you report
that Goodyear was closing the
British plant, employing 70,
and transferring the technology
to Ohio and Luxembourg.
It seems an extraordinary

It seems an extraordinary state of affairs, when everyone seems agreed that industry should be investing in new technology, some are hell-bent on selling it off, worse, to vested overseas interests.

Such "latellectual asset stripping" gives little support to the popular myth that bottom-line financial management benefits technology-based companies. On the contrary, it companies. On the contrary, it must be obvious that this will increasingly inhibit their ability to compete in future world markets.

Eric T. Parker, Andrews, Byrne & Parker, 68 Lincoln's Inn Fields, WC2,

#### Insider trading

From the Chairman, Wider Share Ownership

Sir,—Clive Wolman (November 15) is less than fair to the City in stating that right up to the '70s insider trading was widely condoned and indead regarded as an acceptable "perk." I can assure him that at least the better investment

at least the better investment houses took no such view. What many of us doubted was whether the best corrective to the insider trading that did occur was to make it a criminal offence; and one main reason for such doubts was the considerably more stringent requirements in the matter of evidence which, as you say in your leader of the same day, criminal proceedings impose. criminal proceedings impose. The record, both here and in the United States, does indeed tend to support this view of the

The pragmatists may well be right in contending that as long as there are opportunities for profitable insider trading there will be those who will take advantage of them, and more nections will be the second of them. particularly if criminal pro-ceedings are unlikely to be brought. If this is accepted, some more radical approach may well be called for. It may well be called kyr. I might for example, be made a condition of employment (to stand the "perk" argument on its head) that fund managers and securities dealars should. in consideration of the generous salaries and fringe benefits which they apparently enjoy, refrain altogether from dealing

#### Letters to the Editor

period of their employment,
Meanwhile this council naturally agrees wholeheartedly with
you that the greatly enlarged
coverage of share ownership
increases tha necessity for
strong deterrence of insider
trading and shares your hope
that the new regulatory framework will prove effective in
this regard.

this regard. Edgar Palamountain, 94 St Paul's Churchyord EC4.

#### Local authority services

From the Chairman, Association of Metropolitan Authorities

Sir, I was most concerned to read the article "Govern-ment gets tough on tenders" (November 12) and I would like to put the AMA's point of

The AMA phiects to the proposed Bill not because we fear
"groaten of powers" but on
several grounds. We are completely opposed to the introduction of compulsion in order
to require competition in the
provision of local authority
services.

services.

Many councils, including Conservative controlled authorities, have considered going ont in tender on a ranga of services and have rejected the option in the light of local circumstances.

The Local Government Chronicle survey 1935-1986 identified that only 16 per cent of local authorities have priof local authorities have pri-vatised services. A massive 84 per cent have chosen to con-tinue to provide services in-hause. The survey also lists 19 examples of privatisation in reverse where councils have

brought aervices previously contracted out back in-house. The councils are politically almost evenly balanced. Your article does not make clear why local anthorities bave rejected privatisation. We share the Government's objective of securing increased efficiency and maximum possible value for money but privatisation does not lead automatically to better

Pressure will be put on local authorities to ignore the quality of service and the needs of tha community and to concentrate on cutting costs. This will lead to worse services and bad pay and working conditions for workers. Democratic control of local services will he diminished and councils will lose the ability groups on industrial and man-

for their own account. Their to control directly the services existing portfolios could be for which they are responsible, transferred to corporate or nther approved trustees for the period of their employment.

Meanwhile this country is a control directly the services to control directly the services existing the services to control directly the services existing the services to control directly the services existing portfolios could be for which they are responsible. Local authorities will be left unable to guard against private monopoly and potential default of: a contractor. Recent ex-periences of privatisation has shown that fewer firms are competing for local authority services and at present two contractors dominate tha street cleaning, refuse collection, office

and school cleaning markets.

Pulse has claimed that councils could save 30 per cent of their overheads by going out to competition. Why then are councils rejecting this oppor-tunity? Because it is not true that it always costs less to

privatise.

Councils will be faced with inescapable extra costs incur-red by the tendering process itself. The track record of private companies in local government and the NHS is a consistent catalogue of declin-ing quality and contractors incurring financial papalities and lost contracts for failing to carry out the job. The cheapest

is not necessarily the best daal. Tha facts are clear, the ex-Tha facts are clear, the experience in many authorities where services have been privatised is of unswept streets and overflowing rubbish bins. Councils may pay less to outside contractors for services hut worsa sarvices for tha rate-payers are the result.

AMA authorities have considered the option of privatisation fully and the vast majority are not convinced that it will lead to better services and a better deal for local peopla.

peopla.
John Layden (Councillor),
35 Great Smith Street, SW1.

#### Labour and industry

From the Honorary Secretary, Labour Finance and Industry Group

Sir, - In his article ebout Labour's industrial policy (November 13) David Thomas commiserates with the Labour Party that it lacks a dialogue with industrialists and managers and so must rely on acedemics and researchers for advice. Not true.

The party has the benefit of this organisation which consists of party members in senior positions in industry, finance and commerce, and this group bas been active since 1972. The group has regular meetings with the relevant front-bench spokesmen, organises ferences, meetings and study

lishes papers from time to time,
. As a result, Labour's industrial policies have been discussed with practical managers
and industrialists and many
managers — particularly in the
manufacturing sector — are impressed with the relevance of pressed with the relevance of Circumstances. Simon Haskel

#### Drawing the line

From Mr. M. Meadmore Sir,—The map accompanying Tim Coone'e article on the Falk-lands fishing dispute (November 12) is the best graphic repre-sentation in any British news-paper of the various sooth-west Atlantic maritime zones. (In

law, Argentine businessmen, by discounting the mystical claim to the "Malvinas," are showing a like appreciation of reality, which one hopes Argentine poli-ticians and the brick-throwing activists they excite may one day emulate.) The legal entitlement of

Britain and thus the extent of tha disputed maritime area, however, is somewhat exaggerated in the map. Britain is not making a claim to Argantine waters: the Foreign Secretine waters: tary made clear on October 25 that the Falkland Islands' 200
mila fisheries limit is subject
to delimitation (ie, to an equitable nr median line) with Argentina. The conservation zone, too, is drawn a little in-accurately: it is not a circle of 150 miles radius but is what geometricians would be quick to distinguish—the major seg-ment of that circle. M. R. Meadmore. 3 Pennard Road, W12.

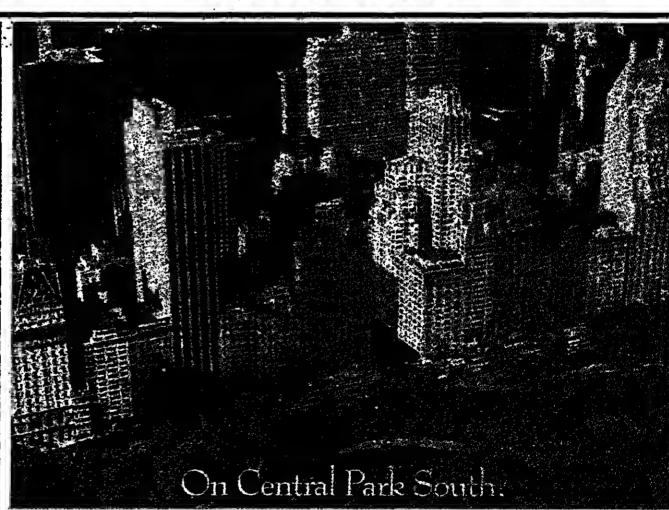
#### The new strategy

rom Mr R. Heinemann Sir.-The Chancellor's statement appears to have given the nriginal Tory economic strategy

nriginal Tory economic strategy a decent burial some time after its death.

The original contention was that public spending tended to create excess money supply resulting in higher inflation. The PSER has been doctored by asset sales and is no longer a good guide to fixed stance. a good guide to fiscal stance. Sterling MS targets are now dis-regarded and the exchanga rate target level is unknown. new ganerosity with tax payers money is not supposed to lead to higher inflation presumably because velocity has declined, itself largely a result of higher

real interest rates. The new strategy is there-fore, one of high interest rates, required to keep the pound up and velocity down. It is diffifor renewed non-inflationary growth by British Industry. R. P. Heinemann. 12, Greystoke Rd.



Invest in one of the world's great buildings at the most extraordinary residential address.

Trump Parc. A significant contemporary renaissance. Designed and built in the golden age of New York architecture, every detail of Trump Parc recalls another ara, an era now brought lovingly to modern life. No element of modern ease, comfort and convenience is overlooked. Yet the prevailing mood is of the luxury and gracious elegance of other times. .The strategic location as well as all the

sumptuous details of Trump Parc make it a particularly appealing investment choice for the international homeowner. Here, the magnificent Park is literally at

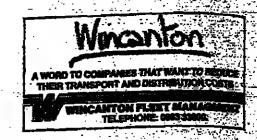
your doorstep. To your right and left the sophisticated ambience of Central Park South.

And within, period-quality high-ceilinged and meticulously crafted residences of note. From sevene pied-a-tence to spectacular penthouses. Even the unusual staffing of Trump Parc—Hallmen, Maid and Valet service, an on-premise garage as well as twenty four hour Concierge and Doormen—recall the civilities seldom encountered today.

A rare—perhaps unique—opportunity to par-ticipate in residential ownership on Central Park South. Perhaps the last such opportunity on the Park. If you would like additional information about the extraordinary Trump Parc condominium residences, please call 212-247-7000. Or write Trump Parc Sales Office, 106 Cantral Park South, New York, New York 10019 Dept. FT101. Telex: 427715.

# **FINANCIAL TIMES**

Wednesday November 19 1986



# Soviet bombs create a wasteland

AERIAL bombardments of Afghan several times each day and it villages have been stepped up in returned into a real mess," said Mivillages have been stepped up in recent weeks despite Moscow's promise to withdraw some 8,000 of its troops from the country. Thousands more refugees are fleeing across the border to neighbouring Paki-

Much of Paktia province, where I travelled for a week with Mujahideen resistance fighters, has become s virtual wasteland. The fertile val-ley of Skandar Khel was home to around 30,000 Afghans before the Soviet invasion of December 1979. Today only a few farmers remain, obliged to work their fields by night, hiding from Soviet bombing during the day.

during the day.

During the past month, jets and helicopters have flown daily bombing missions against Skandar Khel and other nearby valleys. Mujahideen gunners harass the attacking aircraft with heavy machine gun fire and occasionally shoot one

Despite their air superiority the Soviets have made little headway in controlling much of Afghanist mountainous countryside. Nearly 90 per cent of the country remains in the hands of the Mujahideen. Soviet influence is confined to the environs of Kabul and other large

A few British and US surface-toair missiles have now found their way into guerrilla hands, but they are not nearly enough to tip the strategic balance of the war in fa-

Western aid workers returning from Afghanistan tell of increased Soviet bombing throughout the country. The aircraft came in Pakistan mountains. While this is

chael Barry, a co-ordinator for the French medical relief organization "Medecins du Monde." Mr Barry reghanistan's central highlands.

tance to fight more freely." in the past the Mujahideen have often been hampered in their efforts to launch attacks on Soviet military posts by the fear of enemy revenge

Richard Evans finds little evidence of Moscow's claim to be moderating the Afghanistan conflict

de Torsiac, a young French mirse accompanying Mr Barry. "You see more dead than badly wounded."

Other reports tell of the heavy bombing of crops and harvests in

the northern provinces of Balkh, Kunduz and Badakshan, which border the Soviet Union. In many places the rural economy has been wrecked, perhaps beyond repair.
Repeated bombing of irrigation
canals has often made farming impossible even for those willing to
risk becoming the targets. Prices of imported food have spiralled.

Moscow recently began the with-drawal of 8,000 of its estimated 130,000 troops from Afghanistan, but at Skandar Khel there is no evidence of any Russian effort to moderate the conflict.

Fresh bomb craters 40ft wide dot the landscape. Local cemeteries have grown to the size of villages. The entire civilian population of the area has been driven out," said Mujahideen commander

"The Soviets are using such heavy bombs that many villagers are already empty we have nothing to lose," he said. The guerde Torsiac, a young French murse Mujahideen in Paktia province.

Resistance fighters counter the daily Soviet bombing raids on Skandar Khel by launching night attacks on nearby Soviet and Afghan communist outposts. Al-though food is in short supply the Mujahideen have adequate stocks of RPG-7s and BM-12 anti-tank rockets, acquired from China, tha Middle East, or captured from Rus-

An attempt by Soviet ground for-ces to parify the area around Skan-dar Khel failed 10 days ago when the Majahideen ambushed an armoured convoy coming up the val-ley from Gardez, capital of Paktia province. Three Soviet tanks were stroyed and the remainder with-

In s second incident, Mujahideen guerrillas recently ambushed a Soviet regiment leaving Afghanistan as part of Moscow's partial troop withdrawal, killing 35 Soviet soldi-

Amensty International report.

# the and journalist living in London. He specialises in southern Asian re-porting and recently returned from his third trip to Afghanistan.

Mujahideen leaders are sceptical

about Moscow's stated intention to

find a peaceful solution to the war.

"The fighting is not decreasing," says Gulbuddin Hekmatyar, who

heads the nationwide Hezb i-Islami resistance party. "In fact it is esca-

lating in many regions." Western di-plomats working in Pakistan also indicate they see little sign of a let-

There are fears that the latest

bout of Soviet crop-bombing may lead to a widespread famine in Af-ghanistan this winter. The destruc-tion of harvests this autumn comes

after three years of drought and

Despite the increased campaign

of terror against Afghanistan's civ-ilian population, resistance morale remains high. At Skandar Khel,

groups of encamped guerrillas are determined to thwart any future So-

viet effort to occupy the valley. They are dug into the surrounding hills and could only be dislodged by

Such an attack would result in

heavy casualities for both the guar-rillas and the Soviet troops. The

Mujahideen are generally skilful in waging close-order battle, and they

have become experts at laying anti-

tank and anti-personnel mines. To

face such enemies on the ground in

unfamiliar terrain is an option Mos-

Richard Evans is an American wri-

cow appears unwilling to try.

growing food shortages.

an all-out ground attack.

## IEA forecasts slow rise in oil prices

WORLD oil consumption is likely to rise fairly slowly for the rest of this century, putting only moderate up real terms (1986 prices), oil demand ward pressure on prices, according in the industrial world would be exto an unpublished study by the International Energy Agency (IEA) in

The study, which set out to investigate the effects of the collapse of oil prices this year, suggests that prices are likely to remain close to the range of \$15 to \$20 per barrel until about the middle of the next

If prices were to rise significantly higher than this, the study suggests that demand for oil would be choked off. At much lower prices

BY PETER BRUCE IN BONN

transit rolling stock contract.

Continued from Page 1 number of measures aimed at lib-

eralising France's credit policies

and announced plans for helping in-

dividuals and companies to renego-

tiste fixed rate loans taken out be-

tween 1980 and 1983 at a time of very high interest rates. He repeated that the Encadre-

ment du credit, the French sys-

tem of quantitative credit controls, would be abolished on Jamuary 1 in

favour of a monetary policy carried

World Weather

With the price assumed to remain in the \$15 to \$20 per barrel range in pected to rise by about 3m to 5m barrels per day (b/d) by 1990 or about 2 to 3 per cent a year. However, growth in demand is expected to decelerate quite quickly during the next decade as prices become

year's level of about \$28 per barrel, demand would be expected to rise at about 0.6 per cent a year.

In the early 1990s, the study suggests, demand for oil from the Organisation of Petroleum Exporting demand would rise relatively rapid-ly, thus enabling oil producers to over 20m b/d compared with 16 to schieve higher prices after a year 17m b/d at present. Some of the

Siemens faces attack in US

the US Congress over claims that being investigated by another gov-

the company violated US local con-tent laws on a California mass rounications Commission (FCC). transit rolling stock contract.

The new threat to Siemens' plans telephone market as "vital" to its

for expansion in the US follows a long-term survival as an independing in March by the Urban Mass deat supplier of telephone switching in March by the Urban Mass deat supplier of telephone switching equipment. The West German (UMTA), a federal agency, which said Siemens broke US "buy American" laws in its \$24m contract for 28.

can" laws in its \$24m contract for 26 its bid for CGCT of France - a bid in

can laws in its seem contract for 20 to but for co-ci of France - a old in carriages for a Sacramento light which it is in direct competition rail project. The federal agency said with American Telephone and Telelocal content fell "substantially" be graph (AT&T), the US telecommulow the required minimum. The law in the required when federal funds are

nvolved.

German Government has unfairly
The expected congressional as-

sault could prove particularly da-maging for the West German group, details of Siemens' current and pos-

France to ease currency curbs

its issued by banks will be permit-ted with maturities down to 10 days

seven years, instead of two years.

SIEMENS, the West German elec-tricals group, is likely to face a rative US market for telephone ven regional Bell telephone holding strong bipartisan political attack in switching equipment are already companies and has said it will pro-

ing oil at full capacity, so it is thought that Opec would then have a good chance of pushing up prices. However, rising prices in the

1990s to \$20 or a little more per barrel would tend to reduce the growth demand again. The study sug-ests, therefore, that by the late 1990s demand for Opec crude would be unlikely to rise much above 27m or 28 m b/d with its present production capacity of about 30 m b/d.

The price outlook in the IEA study is described as a working assumption rather than a forecast. However, it is clear that the agency's analysis has led it to conclude that real prices much below \$15 or above about \$25 per barrel are un-likely to be sustained for very long during the period under study up to

pose a new rule giving it authority

to bar US telephone companies from buying foreign switching

equipment.
Now, in letters written late last

month to Mrs Elizabeth Dole, the US Transportation Secretary, two senior Congressmen have called for

Siemens to be punished for its alleged violation of the local content

laws on the rail contract. They have

also protested at a proposed com-promise between Siemens, its cus-tomer and the UMTA which would

allow the contract to go ahead, even though 15 of the carriages do not contain enough US parts. These carriages were built in West Ger-

Political furore in US, Page 6

many before the UMTA ruling.

backed up by a system of pruden-tial ratios and mandatory reserves loans are mainly aimed at home bu-In addition, certificates of depos-yers who took out loans at fixed

ted with maturities down to 10 days gressively over the life of the loan. from March 31 next year, instead of At a time of very high interest a minimum of three months as at rates, and who are now facing as-

present. Commercial paper issued vere financial difficulties. Borrow-ty other companies will be permit-ted up to a maximum maturity of their loans without losing tax ad-

The rise in demand for oil is expected to come mainly from the transport sector rather than from power stations and industrial boilers. However, the agency's analysts believe that prices at the low end of their range could stimulate some additional consumption in power

The analysis is complicated by the long lags observed between a change in oil prices and a change in patients of consumption. This year's fall in prices may not have fully worked through into consumption until the early 1990s.

The IEAs findings are based on data from member countries and oil companies. It has not yet decided the form in which it will publish its

#### **UK** court delays pioneering bank plan

A PIONEERING plan by Scanding vian Bank, the large London-based consortium bank, to hold its capital in a mixed basket of foreign curren-cies rather than just in sterling has

thes rather than just in stering has been delayed by the High Court. Mr Justice Harman, whose ap-proval for the plan the bank sought at court hearings in September and October, has decided that he needs an independent opinion on its legal-

He has asked the Attorney-General to appoint an amicus curiae eral to appoint an amicus curiae

literally, a friend of the court—
who would be able to present an
outside view. This would probably
be prepared by the Treasury.

Scandinavian Bank's application
has potentially far-reaching implications for UK company law because it mould establish whether a

cause it would establish whether a UK-registered concern could denominate its equity in several currencies. This is an important issue for companies, particularly banks, which hold large non-sterling assets and are vulnerable to exchange

Mr Garrett Bouton, the bank's chief executive, said yesterday that he understood the first available court date was in the second week of December. The bank is anxious for a ruling before December 31, when its financial year ends, and intends to write to the court to point

Scandinavian Bank, which is UKregistered but owned by five Nordic banks, is the UK's eleventh largest bank with shareholders' funds of Clism (\$163m). It wants to inate that sum in the proportion of 50 per cent dollars, 23 per cent sterling, 15 per cent Swiss francs and 12 per cent D-Marks.

In his evidence to the court, Mr Bouton stated ; that the breakdown of the Bretton Woods agreement and the abolition of fixed parities for exchange between currencies had led to significant exchange rate

Currency case crucial for banks,

The state of the s

#### **Ministers** set Eurofer deadline for steel cutback

EUROPEAN industry minister yesterday agreed to lift production quotas for galvanised sheet steel and welcomed proposals by the EECs major producers to make vol-

untary capacity cuts.

Their decision, at a meeting in Brussels, means that the proportion of community steel output subject to price and production controls will fall from 65 per cent to 60 per cent

next January.

This is a long way short of the European Commission's own proposals to scrap quotas for three further products besides galvanised. sheet, wire rods, light sections and merchant bars. This would reduce

to 45 per cent the share of output subject to EEC control. However, the move is designed to give Eurofer, the European integrated steel producers' association a breathing space until March 1 to produce alternative plans to cut excess capacity voluntarily instead of being forced to accept a free mar-

ket for more products. Eurofer told the Commission last eek that it was prepared to shed 11.9m tonnes of production capacity between the middle of next year and 1990, more than half of the 19.9m tonnes of overcapacity it estinates would have built up in the EEC by then.

In exchange, it asked the Com-mission to keep in place until 1990 the six-year-old system of price and production controls, which is officially due to be run down by the end

Industry ministers have given Eurofer until next year to come up with "detailed and specific proposals" as to how and where the cuts

They have deferred until next March any decisions on whether to go ahead with the Commission's proposals to lift quotas for wire rod and merchant bar - areas where in dependent producers are strong and the lighter types of heavy sec

Mr John Butcher, UK Junior In-dustry Minister, Said: The Eurofer nitiative is not seen as an excuse to stall on the issues. The March dead line is a message that Eurofer must be very serious in implementing their avowed objectives."

He said that it should also be seen as an opportunity for more Eu-rofer independent steel producers to come up with matching capacity

Some member states had doubts over the ability of Eurofer's 22
member companies to agree on who
should make the cuts, an attitude
shared by the Commission. Mr
Karl-Heinz Narjes, the Industry
Commissioner, told the meeting
that Eurofer's estimates of the size of overcapacity were in any case optimistic and gave the plan a 50 per cent chance of success.

#### Steinberg lifts Mercury stake to 13%

By David Lascelles in London MR SAUL STEINBERG, the US

national Group, the UK parent of the S.G. Warburg merchant bank. MIG said it had been informed that Mr Steinberg's Reliance Group had bought 3.5m shares. In addition to those he already owns, this would bring Mr Steinberg's stake close to 13 per cent. A spokesman for Mr Steinberg in New York declined to comment.
Under UK disclosure rules Mr

Steinberg must declare any change in his holdings in Mercury within five days. On the Stock E Marcury shares closed 21p higher at 411p, down slightly from the day's high of 415p.

The purchase follows Mr Stein-

berg's renunciation last month of his one-year-old standstill agreement with Mercury, whereby ment with Mercury, whereby he agreed to hold his stake at 10 per cent. He said he was dissatisfied with the management of the group and was acting to protect the interests of its shareholders. His announcement said he might raise his take to more than 15 per cent.

Mercury last night stood by its position that the group should re-main independent, without a domi-nant shareholder, and that it did not welcome Mr Steinberg's increased investment. He is already Mercury's largest shareholder. His New York spokesman said it

was inaccurate, as some press re-ports had done, to describe Mr Steinberg as an arbitrageur, since such activity was prohibited for executives of insurance companies, of which Reliance is one. Arbitrageurs trade the stocks of potential takeover candidates in the hope of making rapid gains.

#### THE LEX COLUMN

# A premium for panic

Hysteria about Aids seems to have swept even more quickly through the Fund management mmunity than among those most at risk from the diseas

So far purchases of condoms in the UK have not increased, while purchases of London International Group shares have raced ahead. The US condom market is now growing - at about 5 per cent a year and multiples on companies ex-pected to profit from Aids are even higher than LIG's.

The UK is no doubt merely lagging the US trend, and with some help from the next Government ed-ncation programme, LIG can look forward to increasing UK sales in a year or so and perhaps an even

higher p/e. The short-term caution according nying yesterday's interims, which showed a pre-tax profit gain of 18 per cent to £12.2m, knocked 11p off the share price to 236%p. Even so, the prospective multiple on profit forecasts of £28m (£24.1m) is still

over 181/2. The Government's advertising for LIG's products is not free and the extra spending on research and product development is likely to ex-ceed any Aids-related gain in the current year. But as nearly 30 per cent of LIG's profits are made from the family planning and surgeons' gloves businesses (the latter selling well to dentists), LIG could see a significant benefit in a couple of

LIG has also had to spend to gen-erate sales in its Royal Worcester Spode division. That was hit so hard in the first half by tourist hysteria that it may not make up the shortfall in the second half.

Here, too, the return on promotional investment will come later. But once the profit from its Wedg-wood stake is included, LIG will have net cash at the year end, and with its Aids-boosted multiple, it is no doubt looking for acquisitions, although not the size of Wedgwood. Earnings dilution does not look likely to be a problem.

#### C E Heath

Shareholders in C E Heath must be deeply bemused by the conflict-ing claims of the two candidates to take over the management of their

taking over Fielding, or vote against and leave open the possibiltaking over Fielding, or vote rie's stricture on diet. At 175p, down pipelines-against and leave open the possibil-ity that it should be taken over (if that the earnings potential will zero.



tious operation) by PWS.

Nobody outside the insurance market can take a strong view as to which would be likely to make a go of the rather trampled inherits that Heath represents; but there is little doubt that if Fielding is acquired, a very full price will have been paid by the Heath sharehol-

#### Metal Box

Metal Box has much in common with a man who has just stopped benging his head against a brick wall. The relief at not having to throw the group's earnings into below-the-line restructuring must be blissful. The difference is that although pre-tax profit increased by £7.4m to £38.6m in the half year to nber, attributable profit came up from nothing to a little over £30m. Indeed, the scale of rationalisation at Metal Box is now so small that such provisions as are being made have to be taken against trading profit.

still modest – nearly half the profits increase is a holiday from pension contributions – the direction is certainly right. Earnings are now being generated in acceptable places, and from products with a bit of technological edge to them, as the increasing flow of licensing income The challenge is to keep the cash.

coming from old product lines while At today's meeting, they can effectively choose whether Heath sauce bottle is making an encouraging able to sell from cheap first genshould try to solve its problems by ing start, notwithstanding Mrs Cureratton North Sea fields through

line; but the single figure multiple suggests that the City still wonders how fast Metal Box can grow it a desperately competitive world than

#### Gas

transmission company will transmission company will transmission the London dark will ket. Its borrows and the company will be het. Its borrowings are thank per cent of shareholders in the shares yield around 1.5 per ce No, the Government has internided to tighten the terms to. British Gas affering. These some of the vital statistics, of the tal Corporation, a US gas, mission company whose shares to be listed in London on December 4, the day after the British Gas a

fer closes. . It is bold of Samuel Mon effect such an introduction of in time when the markets are being time when the mark higher yielding gassy shares. But then Co not actually trying to sell have shares. It is also true that with British Gas is no growth stock, Coastal can boost carmings by reliing about \$300m a year of junky debt incurred in the acquisition of American Natural Resources. More speculatively Coastat was this month awarded \$724m damages against Occidental. Who knows Coastal may one day even collect part of the award.

Yet Coastal's premium rating over British Gas is much more a reflection of the greater optimism with which US investors view pres pects for the oil and gas industry. UK investors may view with horse the state of the US natural gas inects for the oil and gas in dustry since deregulation last year has combined with a continue oversupply of gas to create intens

Naturally the sponsors of the British Gas flotation are not making much of the fact that the UK government has at least technically deregulated UK gas supply, and re-moved. British Gas's monopsony powers. But it is difficult to see Buil ish Gas suffering from US-style the new are brought to the point of competition, even assuming that profitability. Though some highly the major oil companies want to publicised novelties do not make it, sell in small quantities to the end Petainer being a hope that seems user, rather than whole fields at a percentually deferred by environ-time to British Gas. BC has the

# low Robert Har 5000000 home

OVER 1300 tons of British made paper will be used in the documents for the British Gas flotation, delivered to printers throughout

the country. But there will be only one paper supplier for the entire printing operation.

As Britain's leading paper merchant, Robert Home are used to operations on this scale. We were also the sole suppliers of paper for the British Telecom flotation and for TSB.

It was our vast buying power, widespread distribution network, and our reputation for quality and efficiency, that made us the obvious choice in all these cases. And the same capabilities make us the

supplier to several thousand customers needing paper in any quantity from just a few sheets to hundreds of tons.

HRobert Home Group pic

#### **YSL buys US** perfume group Continued from Page 1

rates, or even at rates that rise pro-

restructuring programme by Squibb to shed its less profitable non-pharmaceutical busin concentrate its operations in the In July the company spun off its

lacklustre medical electronics oper-ation into a new company called Westmark International Mr Richard Furland, Squibb

chairman, said the sale would "renuite the Yves St Laurent cosmetic and fragrance business, currently operated by Charles of the Ritz, with the rest of the Yves St Laurent

He said this should improve Charles of the Ritz's competitive poA major UK Merchant Bank with a heavy commitment to further expansion requires two Euronote Sales Executives and a Trader, to join its established team.

These are excellent opportunities for candidates with a minimum of twelve months' experience in short-term money-market instruments to develop their career in a dynamic environment.

Those interested should telephone Sally Poppleton or Andrew Stewart on 01-404 5751 or write to them at 39-41 Parker Street, London WC2B 5LH quoting Ref. No. 3703.

Michael Page City International Recruitment Consultants London Brussels NewYork Paris Sydney A member of Addison Consultancy Group PLC

#### BADENOCH & CLARK

#### **US TREASURY SETTLEMENTS**

CONTRACTOR OF THE PARTY OF THE

E 32 2 2 2

医原性性 医神经性 

. - 12.65 - 2

and rate

----

ೇ ಲೆ ಜಾ ಮತ್ತು

ماهنده سان میرا اکاری کارد مارد استان در در در در در

OTT

e Group<sup>o</sup>

To £20,000 + Bonus Our client, a highly regarded international securities house,

currently wishes to recruit a young and ambitious supervisor for its nascent US treasury department.

Five years experience covering all facets of treasury bonds, bills and notes, plus related futures and options transactions, are essential, since the successful applicant will act initially in

an advisory capacity to a small number of staff. Flair and creativity are essential for the smooth development of new systems and procedures, coupled with strong communication skills and the ability to present management proposals in a convincing manner,

#### INTERNATIONAL EQUITIES ' £Excellent

We are experiencing enormous demand from a number of clients, including Blue Chip stockbrokers, investment banks and merchant banks, for high-quality individuals with experience and ability in the following equity markets: \* Europe .\* Far East \* US \* UK

Prospective candidates will be aged 24-32 and will be able to demonstrate an existing track record either within sales,

These clients offer excellent career opportunities as well as highly competitive renumeration packages for the right To discuss these opportunities further, in strictest confidence, please contact Christopher Lawless, Stuart Clifford

Financial Recruitment Specialists 16-18 New Bridge St, London EC4V 6AU Telephone 01-583 0073

# All-round drop in executive opportunities

BY MICHAEL DIXON

yet recorded.

One reason may be that in former times s lot of people coming in the R and D category

were recruited by companies in and around the oil business.

"TT IS an ill wind turns none to good," observed the poet Thomas Tusser. But the wind UK ADVERTISED DEMAND FOR MANAGERS AND KEY SPECIALIST STAFF rhomas russer. But the wind currently chilling the advertised demand for executives and higher-ranked specialist staff in the United Kingdom seems to be an exception—as witness the table alongside. (12 months to September 30)

ļ	the United Kingdom seems to	-		5-86		4-85	198	13-84	1982	-43	198	1-82	
Ì	oe an exception—as witness the table alongside.  It is drawn from the latest		Posts adver- tised	Share of total	Post adver- tised	Share of total	Posts adver- tised	Share of total	Posts adver- tised	Share of total	Posts Adver- tised	Share of total	
	of the checks of job advertise- ments which have been made every quarter-year since 1959 by the MSL International recruitment consultancy. The figures show that over the 12 months to September 30 none of the eight categories of execu- tive-types listed has done as well	PŁD	4,263 6,068 5,152 6,368 3,724 900 1,277 5,484	12.8 18.3 15.5 19.2 11.2 2.7 3.8 16.5	7,129 6,546 7,267 6,492 4,304 963 1,308 6,407	17.7 16.2 18.9 16.1 10.6 2.4 3.1 15.8	7,538 6,932 6,767 5,923 3,958 1,057 1,313 5,503	% 19.3 17.8 17.3 15.2 10.2 2.7 3.4 14.1	6,702 6,257 5,473 5,079 2,715 855 1,271 3,642	% 20.9 19.5 17.1 15.9 8.5 2.7 4.0 11.4	4,234 5,825 3,964 4,333 1,748 593 1,131 2,967	% 17.4 20.9 16.5 18.0 7.3 2.5 4.7 12.5	
	as it did in the previous 12- month period.	Total	33,236	100,0	40,434	106.0	38,991	100.0	31,994	700.0	24,015	300.0	

month period.

The award for the least bad performance goes to accounting and finance specialists with a decline in demand of only about 2 per cent. Even there, however, the fact that the fall has been so minor it attributed by the consultancy's managing director. Scott Anderson, to the knock-on effect all over the whole UK of the big bang recruitment frenzy."

If so, once the said frenzy is straitjacketed, what next?

Although some of the Jobs to have fears. Experience over the years has suggested that the coming months. It is the demand for those specialists starting to go up while the call for all the other types constituted to the panies, like the arrival of the other kinds of creature are about to be ejected. about to be ejected.

Even without that sign, the

NE of London's major market makers

We're looking for someone with

trading, who would relish a change-of-pace

This has created the need for Stock

experience in stock trading and option

and the prospect of dealing face-to-face,

We offer a salary and benefits

and salary requirements. Write to PO Box

A0329, Financial Times, 10 Cannon Street,

London EC4P 4BY. All replies will be held

If you're interested in the challenge, tell us about yourself including experience

Exchange Floor Traders.

servicing professional clients.

commensurate with experience.

is setting up an exciting new venture.

coming months. It is the demand for those specialists starting to go up while the call for all the other types continues to slide down, trends in the advertised market was only just starting to Whatever the decline in the are less than propitious. The recover from the worst slump

The award for the least bad

demand for computing spe-cialists is down between the latest two 12-month periods by 13.5 per cent, and for "Others" —including lawyers, econo-mists and various internal cousultants and such—by 14.4.

The production-management group has suffered a 21.5 per cent drop. Worst of the lot, the number of openings for research, design and development of the lot.

What has been happening to the energy industry's demand for upper rankers is sadly spectacular. In the 12 months to the end of September 1985 it was 4,367 jobs-worth. Since then it has totalled only 2,230. ment staff has plummeted by over 40 per cent to a total close Moreover it is evidently con-tinuing to fall. From 920 in the final quarter of last year, it went to 659 in Januaryto that of 1981-82 when the UK executive employment market it went to 659 in January March, 352 in April-June, and

The overall drop in recruitment by other high-technology industries has been still greater. Over the two latest 12-month periods it fell from 6,151 UK advertised openings to 2,968. But it mercifully seems to have stabilised at that lavel. that level.
Fortunately the position is

better in the only two other industries on which MSL International makes particular checks. The higher-rank intake of food, drink and tobacco is down between the two 12-month stretches from 1,150 to 994. But retalling's demand is up a bit — from 1,038 to 1,125.

as well as thorough understand-

#### Counsellor

tanceship across industry in general, as distinct from just

the high-techlonogy parts. Salary indicator is up to £30,000, again with profit-share and car.

Inquiries to Mr Graham should be addressed to 1a, Rose Crescent, Cambridge, CB2 SLL. Telephone 0223 311316.

THE GOOD sign of headhunters Searchers seeking their own kind may seem to be a bit tarnished by today's last offer. It comes from Peter Rooke at London-based WHAT seems even more fortu-nate is that although advertised recruitment is falling, for the second week in succession the Jobs column has been asked to Executive Action — a careers consultancy, which is usually a euphemism for a redundancy counselling concern. find consultants for an agency find consultants for an agency specialising mainly in unadvertised recruiting of executives. The openings are with CRC International which has sprung from what, by the standards of the headhunting trade, is the old if not venerable Cambridge Recruitment Consultants. CRC's chief, Geoffrey King, wants someone with extensive contacts in high-tech companies as well as thorough understand-

But Mr Rooke assures me that he and his colleagues are retained to give advice on career matters to people who are securely employed as well as those on or beyond the skids. Candidates should have experience in senior management, and be skilled negotiators. Salary around £15,000 with

ing of executive-search opera-tions at very senior levels, to join him at the consultancy's London base. The salary indica-tor is £40,000 with profit share

bonus expected to add at least another £10,000.

Inquiries to 37, Queen Anne St, London W1M 9FB; tel 01-631 1110, telex 295693.

James Capel & Co.

# Japanese **Fund Manager**

London

25/30

The state of the s

James Capel & Co., who have an important and growing Investment Management Division, are seeking an outstanding Japanese Fund Manager, probably aged 25-30. James Capel has unique links with the Far East and is now expanding its Japanese fund management activities. The person appointed will manage specific funds invested in Japan and the Pacific Basin and, at the same time, assist in the international marketing of the firm's investment management services.

The role calls for an individual who combines a first class educational background with drive and initiative, and who has already established a name for him/herself as an achiever. The person must be capable of making an exceptional contribution to the development of James Capel's fund management business over e period of years. A generous remuneration package will be negotiated including a profit sharing

Please write in the first instance to Colin Barry quoting reference 777, at Overton Shirley & Barry, Prince Rupert House, 64 Queen Street, London EC4R 1AD.

Overton Shirley & Barry

The following Accountancy

Appointments will be appearing

#### IN 1987 PUT YOUR CITY OR PROFESSIONAL -EXPERIENCE TO MORE CREATIVE AND

The Institute for International Research is now the largest con-ference organisation in the world with 10 offices in key financial centres. The London office is secking 2 more Producers to creese their own high-level events. Excellent rewards geared to performance, profit responsibility and very real prospects for overseas. If you are quick witted, well spoken, articulate, age 25-32, with 3 years or more experience in City matters we should like to meet you. Please phone

Profitable use

The Managing Director, HR Ltd. Conduit Street, win WIR SEB. Tel. 01-434 1017

#### INVESTMENT **BANKING**

strictly confidential.

**EURO-EQUITY**ORIGINATION to £30,000

Our client is a top fer British merchent bank with a significant and continuely growing presence in international markets. The Equity Product Manager will join a smell and highly professional marketing unit responsible for the origination and distribution of new equity and equity-linked issue in Europe. Playing a critical role in the bank's development of these markets, the successful candidate will be concentrating on new business and should therefore have a high actilevement level, demonstrable marketing ability and in-depth knowledge of the equities market.

Contact: Falletry Hether

TRADED OPTIONS UK EQUITY MARKET

Anderson, Squires Ltd., Bank Recruitment Specialists 127 Cheapside, London EC2V 6BÜ

FIXED INTEREST FUND MANAGEMENT £25-35,000+

Two of our clients each wish to recruit a young, experienced and ambitious Fund Manager within the Fixed Income and Caeh Management area. Each Institution is a leader in its field with very substantial funds under management, largely in US\$ and multicurrancy. Custanding terms will be offered to an individual who has a successful track record of 2-3 years in this field, preferably with a macro-economic background.

YOUNG COMMERCIAL BANKERS Cross over to Merchant Banking

Our client is a prime merchant bank with a dominant presence in all major markets. The further development of its Banking Division has created openings for top-quality young graduate bankers to develop their carees in the context of an integrated banking and securities group. Ideal candidates will be aged mid 20's and have successfully completed a major US bank credit training course; fluency in a European language would be a decided asset.

Contact: Johnna Davies

01-606 1706

TREASURY

TREASURY SERVICES MARKETING

To £25,UUU

Dur client, one of the prime name British benks, runs a very active and successful desing activity. It is currently increasing its desting trom force and expending its range of treasury instruments. With full accountability for a geographical area on the corporate FX desk, the successful candidate will be markeding to a range of multinations clients, providing traditional breasury services shought options, futures swap and capital market products, proven track record will be essential, most filtely gained with a major international merchant bank engaged in a full range.

SPOT F/X DEALER up to £40,000 world's largest banks is looking for our dealer, who has at least two years a in active spot book in a major cure within a well established tressury a considerable opportunity for career g

Anderson, Squires

Tomorrow:

FINANCE DIRECTOR

TREASURY ASSOCIATE

**GROUP INTERNAL AUDITOR** 

CORPORATE FINANCE/ ANALYST

GROUP ACCOUNTANT

FINANCIAL MANAGER

FINANCIAL CONTROLLER

. and many more!

LONDON · FRANKFURT · NEW YORK

# **Capital Markets**

A major U.S. Securities House, which is currently expanding its Fixed Income Division as part of an ambitious growth programme in London, requires professionally-minded individuals in the following areas:

Candidates should have at least two to three years' experience in the Securities Industry, although not necessarily in a Trading activity. Numeracy and the ability to work effectively in a fast-paced environment are essential. A Degree in e business-releted subject would be an advantage. TRADING

Dynamic, highly-motivated individuals who have three to five years' Fixed Income Sales experience are required. Candidates should be eble to demonstrate the ability to develop new account relationships and relish the challenge of a "Start-Up" operation. INSTITUTIONAL SALES

**OPERATIONS** A senior person with a minimum of five years' experience, a thorough working knowledge of Euroclear/Cedel and an understanding of P.C.s and working knowledge of landcless, best and an andersaming of P.C.s and computerised information systems is required for the Settlements area. The position would suit candidates who have a "shirtsleeve" approach and who can demonstrate the ability to manage future expansion.

Highly competitive remuneration packages will be negotiated according to experience. Please send curriculum vitae and salary history to:

Box A0339, Financial Times, 10 Cannon Street, London EC4P 4BY



COCOA TRADER-MANAGER

116 Shaftesbury Ave. W1V 7DJ Tel: 01-435 1701 Teles: 884038

An International Trada House with offices in major centres is looking for an antrepreneur-type individual, who can provide profitable growth and leadership for a well established Cocoa Operation.

Apart from a proven record in the business the key characteristics of the successful applicant will be strong leadership qualities, the presence end ebility to represent and promote the activity towards the outside at ell levels, end interface closely and constructively with other divisions as well as the corporate management,

This is a Board level appointment.

In the first instance write or telephone Mr Graham Stewart or Mr Ken Jacob at Commodity Appointments.

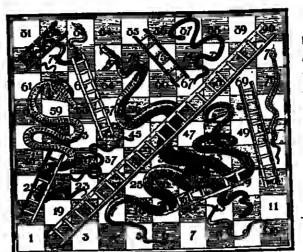
#### IF YOU'VE REACHED THE TOP RUNG, MAYBE YOU SHOULD BE LOOKING FOR A LONGER LADDER.

Fidelity Investment Services is a company which offers outstanding potential for the future and which is determined to become one of the key players in the financial services industry of the 1990's.

To help us reach this objective, we now require several senior directors who may already be running Unit Trust companies, or who hold equivalent positions elsewhere in the

financial services industry, such as insurance, stockbroking, financial advertising or product and business development. in all cases you should be at the top of your profession and ready to take on a new challenge.

We can offer you the backing of massive financial



resources (assets under management total £40 billion worldwide), a dynamic management team and a very successful track record.

You will have the satisfaction of developing your own ideas and seeing them through to fruition, together with the reward of a substantial equity share and a remuneration package that will be amongst the highest in the industry.

So if you're interested in climbing even higher and would like to talk further in the strictest confidence, please contact Barry Bateman, Managing Director, at Fidelity Investment Services, 25 Lovat Lane, London EC3R8LL.

BERMUDA — BOSTON — HONG KONG.—JERSEY — LONDON — NEW YORK — SAN FRANCISCO — SYDNEY — TAIPEI — TOKYO

NatWest Investment Bank, formed from the merger of County Bank, Fielding, Newson-Smith and County Bisgood, is one of the UK's fastest growing financial institutions.

We are expanding our Compliance Team to ensure that our business operations are conducted within the requirements of the new Financial Services legislation and of the various regulatory bodies.

The role of the Compliance Team is to advise the Bank on registration and regulation of investment business, ensure that all its employees understand the statutory and regulatory constraints relating to their area of operation, and to monitor the Bank's activities ensuring that they are within regulatory requirements. Members of the Team need to become conversant with all the business areas of the Bank and to develop an overview of its activities

We are looking for candidates with relevant experience on which to build, whether from the securities markets, the professions or elsewhere, who are keen to be involved in further developing this crucial function. They should have good commercial sense, be determined and creative, and have the ability to work at all levels within the Bank, whether on an individual basis or as a member of a team.

An excellent salary package is offered, including preferential rate mortgage and non-contributory pension scheme.

Applications, with full career details, to: Rodney Lonsdale, Director of Personnel, NatWest Investment Bank, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2ES.

& The NatWest Investment Bank Group

#### Mike Pope and **David Patten Partnership**

BANK RECRUITMENT CONSULTANTS

to £45,000 Chief Dealer (40+) Senior Spot Dealers (4 Positions) to £40,000 to £35,000 Treasurer (35-50) £Neg Senior Forwards Dealer £Neg Sterling Dealer to £25,000 Manager FX Back-up (30-35) to £20,000 Account Officer-Trade Finance to £20,000 Credit Officers

> PLEASE PHONE MIKE POPE 01-247 8314 Bank Chambers, 2nd Floor 214 Bishopsgate, London EC2

General/Financial Appointments ... Wednesdays

**Accountancy Appointments** ... Thursdays

# MARKETING OFFICER FINANCIAL INSTITUTIONS

To £25,000 + Car

This major U.S. bank successfully markets a comprehensive range of product and services to Financial Institutions, coordinating the resources of both the commercial and merchant banks, as well as specialist dearing and custody services.

This position carries full marketing responsibility, with particular emphasis on the securities industry. Candidates will ideally be young account officers servicing this sector within an international bank. The role offers broad customer contact and a chance to participate in product development in one of the fastest growing specialist banking sectors.

Interested candidates should phone Kevin Byrne, or write enclosing a C.V. to the address below. All applications will be treated in strictest confidence.

2 London Wall Buildings, London Wall,

London EC2M 5PP Tel: 01-628 4200

RECRUITMENT

#### **MARINE FINANCE AND** STATISTICS

£13,150-£14,500

A vacancy exists within our Head Office Marine Department for an Assistant Superintendent to assist in the production of worldwide Marine Management linancial and statistical information. The jobholder will also

supervise the handling of all taxation aspects of Foreign Agency Accounts: The position could offer the right person an excellent opportunity for care progression.

Applicants, who should be qualified as an ACCA, must have a thorough Applicants, who should be qualified as an ACCA, must have a thorough knowledge of lisancial accounting, business statistics and Mathematical techniques, and have gained extensive experience in marine accounting. Experience in marine underwriting would also be an advantage, although

# EXECUTIVE

Are you earning £20,000—£100,000 p.a. and seeking a new job?
Community discreet and successful Executive Marketing.
Programme provides profess and excellence in helping you to identify those unadvertised vacancies.

Contact us for a free and confidential meeting to assess if we can help you. If you are currently abroad ask for our Executive Expat Service.

sonnaughi

The Executive Job Search Professions

#### WILLIAMS DE BROE

We are extending our research service to cover Australian securities and need to recruit a graduate with knowledge of accountancy to work in our London office. He/she must have first-hand knowledge of the country and its economy and markets. A stockbroking or investment management background would be desirable.

Please write in confidence to Peter Clarke at:-WILLIAMS DE BROE HILL CHAPLIN & COMPANY LIMITED Pinners Hall, Austin Friars, London EC2P 2HS

New Business Producer

: Fi 13 13gê

.

Contraction of the Contraction o

\_\_\_\_

#### CREDIT & POLITICAL RISKS INSURANCE

BAIN DAWES CREDIT LIMITED

This is a superb opportunity to contribute to further growth by the Credit team who enjoy an excellent reputation in this competitive Insurance

You will certainly need ambition and a determination to succeed in developing new business opportunities for our full range of credit and political risks insurances from UK and overseas clients. Probably in your 20's, with a good technical grounding in credit insurance, you will ideally have had some selling exposure.

An attractive salary, commission and benefits package, including company car, will be offered for this London based appointment. Please write enclosing your cv to:

P.J. Hargrave, Bain Dawes plc, Bain Dawes House, 15 Minories, London EC3N 1NJ. Tel: 01-481 3232.

**Bain Dawes** INTERNATIONAL INSURANCE BROKERS Major Stockbroker

# Personnel Officer

to £25,000

Our Client, a major stockbroker and now an autonomous part of a leading international banking group, seeks a Personnel Officer to work with the newly appointed Director of Administration on the development of a Personnel function.

They seek a man or woman who is a graduate member of the IPM and who already has at least two years' of working in Personnel in a financial institution - ideally a stockbroker. The job holder can anticipate a considerable degree of responsibility and must be a person with high self-motivation.

In addition to a generous salary, there is a discretionary bonus element of up to 20% and other benefits. The company is antering an interesting development phase which will include a move to new offices and the recruitment of additional staff as the

Please apply in writing giving full details of age and experience, qualifications and money expectations to James Curtis, quoting ref. 778, at Overton Shirley and Barry, 64 Queen Street, London EC4R 1AD, Tel: 01-248 0355.

# Gilt Trader

We are looking for an enthusiastic young person with 2/3 years trading experience in the Gilt Market and a knowledge of Dealing in Gilt Futures to join our Treasury Division. Applicants will be in their twenties, keen to extend their trading experience—a good mathematical qualification will be beneficial.

We offer an attractive salary according to age and experience and the benefit package includes mortgage subsidy, low cost personal loans, BUPA and lunches.

Please write with full curriculum vitae to: Mrs Elaine Douglas, Assistant Manager-Personnel, Kleinwort Benson Limited. 20 Fenchurch Street, London EC3P 3DB.

Kleinwort Benson Group

# Investment Manager

Scotland

You will be a graduate with several years investment experience with a first rate track

25 - 30

to £25k + package

My client is the investment management division of a medium size Life Office which over the past few years has established itself as one of the sector leaders in the UK with four of its funds having achieved the No 1 position in their

They now wish to set up an Overseas Fund and wish to recruit a talented overseas specialist to join this young and spectacularly successful ream. The key tasks will be to set up, develop and manage the trust to equal the performance of the other funds, and to provide a specialist overseas function to the team.

record of overseas fund management, possibly Japanese, European or the U.S. This is an ideal opportunity to make your name with responsibility for a start up situation but with the significant help of having four of the company's multi-million pound funds already well established at the term of the performance league.

top of the performance league.

The remuneration package includes a performance bonus, non-contributory pension, car scheme, mortgage assistance and if relevant a relocation

To apply, send a detailed cv stating current salary to Douglas Kinnaird CA quoting ref: 96/1095/FT or telephone his secretary for an application form.

PA Personnel Services

Execution Sourch . Solection . Psychometrics . Remuneration & Personnel Consultancy

Fitzpatrick House, 14/18 Cadogan Street, Glasgow G2 6QP Telephone: 041-221 3954 Telex: 779148

# **Business Development**

#### North of England

Salary Negotiable

We invite applications from successful corporate banking professionals for an important new position with a prime European bank currently expanding its activities in the North of England.

Based in Manchester, the individual appointed will be responsible for identifying and developing business within a designated geographic area and will market a full range of banking products to a wide variety of industry sectors.

The successful applicant, probably aged 27-35, will preferably be a graduate with at least 5 years' corporate banking experience and a proven track record marketing to large and middle market corporates. He/she will be self-motivated and entrepreneurial and have the personal qualities to play a major part in the bank's development. Longer-term career prospects within the bank's London office or overseas are excellent.

The remuneration package is negotiable, according to age and experience, and relocation will be provided where necessary.

Those interested should contact Fiona Collins in London on 01-404 5751 or Paul Lyons in Manchester on 061-228 0396 or write, enclosing a comprehensive curticulum vitae, to Michael Page City, 39-41 Parker Street, London WC2B 5LH quoting ref: 3701.

Michael Page City

International Recruitment Consultants-London Brussels NewYork Paris Sydney Amember of Addison Consultancy Group PLC

#### **Capital Markets**

STERLING C.P. SALES

A major UK merchant bank with a strong presence in the Sterling Markets seek an experienced individual to place and trade Sterling commercial

TRADER US **CORPORATES** 

**EURONOTE/ECP** SALES

A US bank with an established sales team seek a US corporate trader with a minimum of 2 years experience.

A market leader in short-term paper, active in both the primary and secondary markets requires an individual with at least one year experience of money market sales to join the banks sales team.

For further details please write or telephone in strictest confidence, quoting reference SL300



# Account Manager

Not less than £23,000 plus benefits

The Hongkong and Shanghai Banking Corporation, one of the The expansion has created a challenging opportunity for an Account Manager in the Bank's Credit Division.

This is an important role marketing the Bank's extensive range of services to corporate clients throughout the UK. You will be part of a credit and marketing team at the forefront of developing the Bank's

Aged about 30 and, ideally, a graduate with the AIB diploma, you should have at least 5 years' corporate lending experience gained in a major bank. General credit skills are essential, including the ability to research a market, to analyse a company's performance and to sell the Bank's services. Strong personal qualities, particularly self-motivation, determination and initiative are essential to assist the development of client relationships.

In addition to the salary indicated, an attractive benefits package includes non-contributory pension scheme, car, mortgage subsidy and BUPA.

Please write enclosing full personal and career details to:

Assistant Manager Personnel, The HongkongBank Group, PO Box 199, 99 Bishopsgate London EC2P 2LA. Tel: 01-638 2366, ext. 2005.

HongkongBank 🗱

# Manager **Equities**

The Municipal Insurance Group is a large U.K. general insurance company. Through its M.L.A. subsidiaries it also has interests in life assurance, unit trosts and properly development. Total funds under management are approximately £1,000 million.

The Westminster-based Investment team is currently small but has a successful track record in both U.K. and overseas markets. Future expansion plans mean that we now wish to find an additional Fund Manager for selected portfolios of U.K. equities.

The ideal candidate is likely to be a graduate, in his/her early or mid-twenties, with around two years relevant experience in a similar environment. Consideration will also be given to individuals with a background in investment analysis who now wish to make a career

move into fund management. Prospects for advancement within the Group are good and we offer an attractive remuneration package. Initial salary will be approximately £22,000 and other benefits include a company car, subsidised mortgage, private medical cover and contributory pension scheme.

Applications in writing and accompanied by a detailed CV should be sent to:

M.G. Lewis, M.A., FI.A.

Municipal Mutual 37/41, Old Queen Street, London, SW1H 9JG.

We are an equal opportunity employer

#### New Issues **Syndications Officer** Major International Bank Up to £32,500

City of London

Our client, a major participant in the New Issues market, is actively seeking to appoint a dynamic New Issues Syndications Officer. Rapid progression into a management role is anticipated.

Reporting to the Deputy General Manager, your responsibilities will encompass servicing North American clients, close liaison with our client's New York office, and maintaining contact with other City Issuing

Houses. Some travel to overseas markets is envisaged.

Probably aged 27-32 and educated to graduate level, you will have gained one to two years sound experience working within the New Issues Department of a major House. A legal background would be an additional

Please telephone or write in confidence to Leslie Bensley quoting Ref: LB105.

International • Search and Selection 160 New Bond Street, London W1Y OHR Telephone: 01-409 1371

# onathan Wren

HONG KONG

Our client, a prime US investment banking institution and a major innovative force in the field of international securities trading and processing, seeks to strengthen and expand its securities processing management team as follows:-SUPERVISOR – EUROBOND SETTLEMENTS A minimum of 3 years eurobond supervisory experience is sought combined with extensive

technical knowledge of the eurobond market. The other key criteria include excellent people management ability, first class oral and written communication skills, the ability to operate effectively under pressure for extended periods, commitment and potential for personal career growth. Contact Bryan Sales,

BRANCH LIAISON/TRADE DESK SUPPORT

To provide daily supervision and liaison for overseas and head office locations. The role requires detailed knowledge of trade entry and settlement procedures, clearing related enquiries and other support functions including interest claims. Running a clerical support team, you will offer, as above, extensive man-management capability, strong technical skills, covering all aspects of the securities industry and the will and ability to succeed in a fast moving, commitment related environment. Contact Bryan Sales.

SUPERVISOR - GILT SETTLEMENTS An outstanding opportunity for an individual with extensive technical knowledge of the gilt market, good management skills, organisation and planning ability, to supervise, control and motivate the gilt settlements area. The successful candidate will have at least 3 years gits

supervisory experience and the ability to operate efficiently under pressure. The position

All the above appointments offer a competitive salary and performance bonus, plus a full range of excellent tringe benefits.

offers excellent potential for personal growth. Contact Ann Winder,

Recruitment Consultants No.1 New Street, (off Bishopsgate), London EC2M 4TP. Telephone: 01-623 1266

Salomon Brothers International Limited seeks two dynamic young professionals. Successful candidates will combine a strong analytical capacity with proven first-hand knowledge of the capital markets and corporate finance services as they relate to the Scandinavian or Spanish markets.

# Scandinavia

Operating out of our London-based international Corporate Finance Department, these two individuals will be responsible for marketing our broad base of services to clients throughout the Nordic countries and Spain, respectively.

For the Scandinavian Group a finance background of 4-7 years is required. Some direct experience in dealing with corporations whether in marketing products for a financial institution, or working in the finance area of a corporation - would be a distinct advantage.

For the Spanish marketing appointment, 2-4 years overall experience is required which must include marketing products for a financial institution. You should ideally be a Spanish national.

A sound knowledge of the capital and money markets and swaps are essential in both cases and preferably also of equity products and M&A.

Fluency in English and Swedish or Spanish are prerequisite. As a highly visible leader in the rapidly growing international capital markets, we can provide a fast-paced, stimulating environment with scope for rapid advancement. A highly attractive starting package will be negotiated to reflect falls both to be a starting package. tiated, to reflect fully both your expertise and potential.

Please write in confidence, with full career details, to: Pandit Crite, Employment Manager — Human Resources, Salomon Brothers International Limited, Victoria Plaza, 111 Buckingham Palace Road, London SW1W 0SB.

#### **Salomon Brothers International Limited**

# **UK Equity Sales**

# London and Tokyo

Due to an increase in international business our client needs to add to their sales team dealing with Japan. In LONDON, the requirement is for a person with a sales or research background to sell UK Equities to Japanese institutions. Ideally, candidates should speak fluent Japanese and have a track record of successful client contact, not necessarily acquired specifically in UK Equities.

In TOKYO, the requirement is for an English speaker, with a good research-based knowledge of UK Equities. The ability to speak Japanese would be an advantage. Based initially in Tokyo, there will be a need

These two opportunities carry substantial responsibilities and are critical to the development of our Japanese business. Career prospects are excellent and the reward package will appeal to the ambitious. Please write with full details. These will be forwarded direct to our client. List separately organisations to which they should not be sent. Brian Woodrow, ref. BGW/B/1.

MSL International, 52 Grosvenor Gardens, London SWIW 0AW.



#### Leading **Futures Broker Experienced**

FOR RAPIDLY EXPANDING PRIVATE CLIENTS DEPARTMENT Replies în strictest confidence to Box A0338

Sales Staff

#### inclai Times, 10 Cannon St. London EC4P 48Y AT A CAREER

CROSSROADS?

David Hill idax St. London W1R 9WA or Ring: 01-634 4583

#### **FUTURES**

SALES/MARKETING PERSONNEL with private client experience Reply in strictest confidence to: Box A0285, Financial Times 10 Cannon St. London EC4P 48Y

#### TRAINEE BROKER

A vacancy has arisen for a Trainee Broker. The successful applicant will be aged 24 plus, of smarc appearance and ambitious. Excellent prospects offered CAREY WILSON 01-499 9328

# CORPORATE TREASURERS

# Do you know about futures and options?

For those experienced in Corporate Finance and Treasury Management, the list of futures and options may

But if you are looking for the unique combination of variety and experience within a meritocratic environment, we believe there's only one - Coopers & Lybrand Associates.

Work with us and you'll work at home and abroad on several different projects a year - mostly at companies boasting billion pound turnovers. You can expect to gain in-depth knowledge of foreign and domestic treasury procedures and financing techniques which will give you the competitive edge when it comes to career progression.

Naturally, the demands on your ability will be considerable. Especially adept at imposing creative and practical solutions on complex strategic problems, your self-belief and ambition will therefore be crucial to your success.

If you are aged 26-36 with a degree or an MBA and have spent at least the last two years in the treasury field, we'd like to talk to you.

And, if you are interested in joining a company where people find success, please send your resume, including a daytime telephone number, quoting ref. F 01/35, to Bob Lockwood, Coopers & Lybrand Associates, Phinniree Court, London ECAA 4HT.

# **Equity Sales**

£20,000 - £100,000 Plus

Our established expertise in City recruitment has given us close contacts with the institutional departments in many of the City's most important securities houses, both UK and international.

Big Bang not withstanding, demand for those with a successful track record in institutional equity sales is very strong at all levels of seniority. This means we are able to match candidates' and clients objectives to achieve the best possible results.

If you wish to discuss a significant career move or would simply like to be kept informed of market developments, please contact Anna Robson or Sally Poppleton at the Securities and Investment.

Division, 39-41 Parker Street, London WC2B 5LH, or telephone 01-404-5751. Strictest confidentiality assured.

Only those with relevant City experience should apply.



Michael Page City--

International Recruitment Consultants-London Brussels NewYork Paris Sydney

#### Amember of Addison Consultancy Group PLC

# **Financial Information** Service Support

A new service - A new era

Recent deregulation of the London Stock Exchange has again emphasised the urgent need in the City for innovative and technologically sophisticated financial information services. To address this need, our client, an international leader in the manufacture and supply of advanced IT systems, is about to launch an exciting new Financial Information Service to the UK

The product is a real-time quotation and financial information service delivered through a personal computer or mini computer. It provides real-time quotes of any computer. It provides real-time quotes of any asset traded (stocks, debt instruments, options and futures) on any exchange in the United States and Canada. While comprehensive information is provided on each asset, the minormation is provided on each asset, the main advantage of the product is its use of an intelligent workstation to study and monitor the relationship between assets and provide a middle bussentation service. Users can create their own strategies involving any of the traded assets and monitor market developments in real-time.

In anticipation of the UK launch of this product early next year, two Customer Support Specialists are

now required for pre and post-sales activity. Responsibilities will include the introduction of new customers to the service and the ongoing support and education of users. The Support Specialists will also participate in the design and implementation of enhancements to the UK service and the continuing integration of the service with our clients' full range of information processing hardware

Candidates must have a thorough working knowledge of Futures and Options Markets and be familiar with the use of computer technology in this environment.

In return for your valuable experience, our client will provide comprehensive product training and a highly-competitive salary, accompanied by a generous package comprising company car, pension, private health care, life assurance and stock purchase

To apply, please send full cv which, will be forwarded to our client unopened. (Address to our Security Manager if listing companies to which it should not be sent). PA Advertising

Hyde Park House, 60a Knightsbridge, London SWIX 7LE. Tel: 01-235 6060 Telex: 27874

#### MATHEMATICIANS . STATISTICIANS · ECONOMETRICIANS

Security Pacific and Hoare Govett are a powerful partnership - among the market leaders over the whole range of capital market products. We offer mathematicians, with some bond or swap experience, the chance to join a. company in which professionals can be involved across product groups and really get things done. Prospects are excellent and offer the chance of rapid progress towards director level appointments. Preferred age range for applicants is 22-30. Please write with a full cv to:

Rodney Barker, Hoare Govett Ltd, Heron House. 319-325 High Holborn, London WC1V 7PB.

LONDON - NEW YORK - SINGAPORE - HONG KONG - TOKYO - MELBOURNE - CHANNEL ISLANDS

HOARE

**Venture & Development Capital** 

## INVESTMENT EXECUTIVE

£14,862-27.126

The West Midlands Enterprise Board is a regional development agency providing investment finance, training, technical advice and other facilities for expanding businesses in the West Midlands region. The Board provides equity and long-term capital for developing unquoted businesses and, in addition to investing its own funds. WMEB is joint manager with Lazard Securities Limited of the £6m West Midlands Regional Unit Trust.

The Board wishes to recruit two investment Executives to work on their own initiative, as members of a team of six executives, reporting to the Deputy Chief Executive—Investment. Each executive will be responsible for appraising investment proposals coming to the Board, nagoriating appropriate financial packages, making recommendations on new investments to the Directors of the Board and supervising legal implementation of approved investments. He/she Directors of the Board and supervising legal implementation of part of the total portfolio.

The Board is seeking candidates of high quality. In addition to a university degree or professional accountancy qualification, candidates will be expected to have at least three years' industrial, marchant banking, venture capital, or post-qualification experience. Sound judgment of people and commercial opportunities is an essential quality for the work, also a keen interest in assisting the successful development of business through an interventionist and publicly accountable development agency.

An attractive salary, on a scala from £14,862 to £27,126, will be offered to candidates with appropriate experience. The Board also has an attractive pension scheme and can offer assistance with relocation expenses to appropriate candidates.

Further particulars and an application form are available from:

Assistant Chief Executive
West Midlands Enterprise Board Limietd
House, 31-34 Waterioo Street, Birmingham B2 51]
WMEB is an equal opportunities employer ...Closing date: 12 December 1986...

#### STRATEGIC CONSULTING FOR THE FINANCIAL SERVICES INDUSTRY

Attractive package

To augment our existing resources of talented management consultants we wish to recruit outstanding people with a proven track record of strategy consulting experience in financial services and with business development and project management skills. If you have consulting experience with financial institutions in Europe,

UK, US and Middle East in fields including: Setting operating performance Diversification strategies Organisation development and standards

Systems strategies managing change Marketing and business strategies ...and would respond with enthusiasm to the challenge of making an important contribution to a dynamic and expanding financial services

practice we would be pleased to hear from you. Write to Mark von Bergen, Ernst & Whinney Management Consul-tants, Becket House, 1 Lambeth Palace Road, London SE1 7EU, quoting reference B9000.

Ernst & Whinney

ONE OF BRITAIN'S FASTEST GROWING

# Outstanding Unit Trust **Opportunities**

Our growth record makes us one of the most successful groups in the rapidly expanding financial services industry. Our Investment Division, with its excellent performance record, now has over £400 million under management and we are continuing the rapid expansion of Crown Unit Trust Services to meet the boom in demand for unit trusts.

Our expansion has created several new opportunities for professionals at a senior level reporting to our Unit Trust Marketing Director.

#### **Unit Trust** Sales Executives

Working alongside our existing broker consultants in London and the regions, you will be responsible for developing sales through stockbrokers, insurance brokers, financial planners and investment advisers. You will preferably have some unit trust experience but more important are the skills and qualities you display.

# Manager — Marketing Services

You will write, design and produce all our sales aids and promotional material, marketing both within our existing distribution arms and direct to the public through press advertising. You will have excellent oral and written communication skills and experience of a marketing function, probably in a financial environment.

#### Manager – **Advisory Services**

A key area of our development is the new advisory services department. You will form the new Link Line Service Desk and will answer all customer and intermediary queries as well as providing advice and information on portfolio structuring and unit trust investment performance. You will have relevant experience and be seeking the opportunity to create

In return for your skills we will offer excellent remineration packages for the right people to reflect the importance and seniority of these roles.

If you feel you can match our needs please write with full GV: quoting ref 357, to Andrew Rudge, Human Resources Manager, or telephone Smart Perilli, Marketing Director Crown Unit Trust Services, at Crown Financial Management Group, Crown House, Wolding, Surrey GU21 1XW. (04862) 5033.



:561 13 1986

Jonathan Wren is a leading consultancy with over 10 years experience of investment management assignments. Our services are currently retained by a substantial number of major institutions, some of whose requirements are listed below:-

Senior UK Manager European Fund Manager Unit Trust Manager **UK Fund Manager** Far East Fund Manager **US Fund Manager** Private Clients Fund Managers Junior Bond Manager

Institution Major institution Major institution Investment company Merchant bank Major institution Merchant bank Merchant banks/stockbroker

Salary Level to £70,000 to £50,000 to £50,000 to £45,000 C£30,000 C£30,000 £20,000 to £40,000 c£20,000

We would be delighted to discuss these and other relevant positions with candidates who have current experience and expertise in stockbroking or fund management. Applicants should note that as 'register search' consultants we are able to offer employers and candidates alike a service which offers maximum market coverage. Complete confidentiality and professionalism is guaranteed by our established market credibility.

international bank

Please contact Roger Steare and Mark Forrester.

# Recruitment Consultants

No.1 New Street, (off Bishopsgate), London EC2M 4TP. Telephone: 01-623 1266

TREASURY MANAGEMENT

Anglia is looking to increase its Treasury Team to take advantage of the new opportunities available to building societies created by recent changes in legislation and the new market environment following

Responsibilities will include dealing in Gilt-edged and other marketable securities. During 1987 there is likely to be an involvement in stock lending, futures and options. Experience in this area is required together with the ability for taking decisive action which must be based on sound economic and technical

knowledge of the markets. A new dealing room with the latest technology has just been installed which demonstrates the importance the Society places on the Treasury function for the future.

The job is located on the outskirts of Northampton in rural surroundings but is still within easy reach of the City. The remuneration package will incorporate a range of benefits including a car, pension scheme, subsidised mortgage facilities, BUPA and relocation expenses where applicable.

Interested? Please write with full career history and current salary details to our Consultant, Kevin Mitchell, at Austin Knight Selection, Tricom House, 51-53 Hagley Road, Birmingham B16 8TP, quoting ref. ABT 530.

BUILDING SOCIETY

# Corporate Dealers

Our client is one of Britain's major international banks, with extensive assets and a vast international network.

The Bank has an excellent reputation in the treasury field and, due to expansion, is seeking to recruit professional Corporate Dealers to join an already highly successful team in their City-based International Banking Division. Responsibilities will encompass the servicing and marketing of both traditional and innovative treasury services to the

Applications are invited from candidates, aged 25-32, who have at least 2 years' experience in this field. They should also possess a sound understanding of the foreign exchange and money markets, together with the maturity and ability to advise and develop relationships with major customers.

Remuneration will be highly competitive and will

include the usual generous banking benefits. Please apply with comprehensive C.V., to Ref. RL 695, Robert Marshall Advertising Limited, 44 Wellington Street, London WC2E 7DJ. Please list separately any organisations to which your details should not be forwarded.

ROBERT MARSHALL ADVERTISING

44 Wellington Street, London WC2E 7DJ.

# A leading U.S. Bank Forward Foreign Exchange Dealers

London

New York

Our client is one of the most respected financial institutions in the world.

As part of further global development and to keep ahead of market changes, the bank has decided to expand its forward foreign exchange dealing capability. It is therefore appointing a number of key individuals in London and New York. To join the team you will need to demonstrate substantial experience in forward trading in the major currencies or the exotics. Probably a graduate aged 25-35, you will show the sophistication of approach which is bred in a high calibre

In return you will be offered resourceration and prospects second to none. For further details please contact Victoria Ward Krickic on 01-404 5751, or write to her at Michael Page City, 39-41 Parker Street, London WC2B 5LH. Strictest confidentiality is assured.

Michael Page City

International Recruitment Consultants-London Brussels NewYork Paris Sydney A member of Addison Consultancy Group PLC

# $\mathbf{R}_{\mathbf{x}_{I}}$

#### **Analyst**

Buttle Wilson, one of New Zealand's leading stockbrokers and investment bankers seeks an experienced analyst for its newly-formed UK

The jobholders functions will be to provide written analysis on UK companies likely to be of most interest to the company's NZ client base and also on the general UK market

The position will appeal to someone who wants an interesting and varied role, who is a good communicator, an independent self-starter and who wants to work in a small but professional

Please write in strict confidence to:

: \*\* ! T

 $(\tau, \tau_{i})$ 

R. L. Mitchell Buttle Wilson International Limited 3 Gracechurch Street London EC3V OAD

**CREATIVE BANKER** 

We are currently recruiting on behalf of a leading

International Investment Bank, which has a

reputation for an innovative and individual

Its Product Development team seeks a Manager

aged mid-late 20s to assist in developing,

marketing and implementing new financing

products and techniques over a wide range of

situations but initially in the field of asser-backed

The ideal candidate will be a graduate, an

enthusiastic self starter who combines general

debt financing expertise with some exposure to

capital markets products and who enjoys the

Rewards will be high in terms of career prospects

For further information please call Sara Bonsey.

approach to its clients' financing needs.

finance/securitisation.

challenge of problem solving.

and attractive salary package.

#### ASSISTANT INVESTMENT **MANAGER** TUNBRIDGE WELLS

Age 25-35

Package: c. £25,000 & Car

We are understandably proud of our reputation as an innovative health insurer. Over a million people now enjoy the flexibility of our schemes and know the high quality of the service which we provide.

we provide.

Due to the Company's continued expansion and the resulting growth in funds under management a new position of Assistant investment Manager has been created to strengthen our small specialised investment Department. Reporting to the investment Manager the jobholder will contribute to the overall development of the Company's investment policy and will assume responsibility at an early stage for the Company's fixed interest portfolio. The successful candidate is likely to have at least five years' experience of fund management, preferably with a major institution, and should be able to demonstrate a thorough knowledge of UK bond markets together with other fixed interest instruments such as options and futures. Experience markets together with other fixed interest instruments such as options and futures. Experiance of overseas markets would be an added advantage. Applicants should be graduates or hold an appropriate professional qualification. This position will appeal to someone who is keen to join a small team where there is the potential to make a significant contribution to the continued successful growth of the funds under management.

in addition to a competitive salary our extellent benefits package includes company car, generous relocation assistance, subsidised mortgage, free PPP health insurance, subsidised catering facilities and contributory pension and life assurance scheme.

To apply, please submit full C.V. stating current salary, to: ER.EEN MILLMAN, SENIOR PERSONNEL OFFICER

#### Private Patients Plan

PPP House, Crescent Road, Tunbridge Wells, Kent TN1 2PL Telephone: Tunbridge Wells 40111

#### **Human Resources Management Investment Banking**

City

c £25,000 + benefits

The growth of this young and highly regarded investment bank has been impressive and its operations now extend to Tokyo, New York and other financial centres. The bank enjoys a leading reputation as an international underwriter and it aims to play an increasingly important role in the global securities market.

Continuing expansion — the bank expects to double its total staff over the next two years — has led to the need for an additional high calibre individual to join the well established and highly professional team responsible for human resources. Your main role initially will be concerned with all aspects of recruitment. You will, however, become increasingly involved in career and management development and the establishment of training programmes, as well as new systems and procedures to meet the changing demands of the organisation. There is a flexible and responsive style of management.

Probably under 30, you must have had experience of recruitment, ideally in the investment banking or financial services sector, or in an organisation with a strong reputation for its professionalism in the human resources area. Some background in performance appraisal, career development, training and organisation behaviour would be an advantage. An outward going personality is essential, together with the enthusiasm, tough-mindedness and imagination to make a strong contribution to the growth of the bank.

There are excellent prospects for career progression and a first class banking remuneration

Please write in confidence to John Cameron quoting reference CF717 at 84/86 Grays Inn Road, London WC1X 8AE (telephone 01-404 5971).

CAMERON · SIMPSON Consultancy - Search · Selection

#### TRADER - U.S. **EQUITIES**

Well established U.S. securities firm requires experienced trader with knowledge of the third market for new London branch to cover institutional accounts in the UK and on the Continent. Must be a Registered Representative with block trading background. Attractive remuneration package in the 30%+ range plus good career growth potential.

Reply in confidence with C.V. to Box A0340 Financial Times 10 Cannon Street London EC4P 4BY

# Director of Engineering

It is the policy of the BBC, when seeking to fill its most senior appointments, to consider applications from within and outside the Corporation.

Applications are now invited for the post of Director of Engineering in preparation for the impending retirement of Mr. Bryce McCrimick, F.Eng., F.L.E. F.L.E.R.E.

The Director of Engineering has direct responsibility for the Engineering Division, which comprises Transmission and Specialist Engineering Departments totalling some 3,000 staff, and functional responsibility for engineering standards throughout the BBC. The post carries membership of the Corporation's Board of Management.

This is a most senior appointment demanding managerial and professional skills of the highest order.

Suitably qualified applicants are invited to write in the strictest confidence, giving full details of career to date, to Christopher Martin, Director of Personnel, BBC,

Broadcasting House, London W1A IAA, to arrive no later than 8th December 1986.

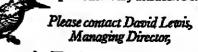
#### **EXECUTIVE SEARCH**

Lewis Briggs International is an established management consultancy serving blue chip British industrial companies.

We wish to widen the base of our business in the executive search field by appointing a Senior

We are looking for a senior director who has had a successful career in either the financial service or international engineering sector. We anticipate that the appointee will be a qualified professional who has come to realise that the best opportunities for career and personal development lie in developing a business that relies directly on experience. contacts and entrepreneurial skills.

The financial rewards of successful executive search reflect the high level of expertise and drive required. The opportunities, therefore, can represent a very attractive career move.



Lewis Briggs International

Suite 15, Harcourt House, 19A Cavendish Square, London WIM 9AD.

18, Eldon Street, Moorgate, London EC2M 7LA. Tel; 01-598 4224



RECRUITMENT CONSULTANTS

35 New Broad Street, London EC2M 1NH Tel: 01-5883588 or 01-5883576 Telex No. 887374 Fax No. 01-256 8501



Senior Officer appointment for entrepreneurial key player in New Business activities, with scope to advance to General Manager level within 2-3 years.

#### MERCHANT BANKING EXECUTIVE

Negotiable remuneration £50,000-£70,000

PROMINENT AND EXPANDING INTERNATIONAL MERCHANT BANK

Applications are invited from merchant banking executives, aged mid 30's/early 40's, who are established marketing players, yet keen to further enhance their market presence through their new business development and management capabilities. A second European language ability will be an advantage. As the selected candidate you will report to the Head of New Business and be responsible for controlling and leading from the front an already well established new business team. Personal writing of business with multinational corporations will be key, as will be the ability to devise and Implement strategic plans for marketing successfully to clients in UK, Europe and elsewhere worldwide. There will also be an emphasis on developing new instruments and products appropriate to our clients' needs and co-ordinating the new business activities of overseas offices. Whilst the remuneration package, by way of high basic satary and performance bonus, is likely to be in the range of £50,000-£70,000, our client will tailor the package to attract the best merchant banking talent. Banking benefits include car, mortgage subsidy, and non-contributory persion. Applications in strict confidence under reference MBE 18454/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: C.FRA.

> Career development opportunities for skilled analysis with management potential, offering ent prospects for promotion to a business development role.



**SENIOR CREDIT ANALYST** POTENTIAL MANAGER

> £20,000-£22,000 plus generous benefits package INTERNATIONAL MERCHANT BANK

Our client requires a senior credit analyst to further strengthen their Credit Team. Candidates, who are likely to be aged in their mid 20'a to early 30's, probably graduates or equivalent, will ideally have completed a formal US bank credit training programme. Applicants must have had at least two years' significant practical credit experience and have potential to progress into a business development role in the future. The selected applicant will be responsible for evaluating and reporting on credit risks in the portfolio-Specifically, these responsibilities will include: assisting with new proposals by identifying and quantifying risks and advising on how to minimise risk; carrying out credit reviews as well as many other varied and interesting regular and ad hoc assignments. Initial base salary £20,000-£22,000 plus generous benefits package including a mongage subsidy and non-contributory pension. Reference



CREDIT ANALYST

This same client also requires an analyst aged mid to late 20's with a minimum of one year's sound credit experience. This is an ideal opportunity for someone wishing to move into a business development role in the short term. Reference: CA18450/FT. Applications in strict confidence, quoting the appropriate reference above, will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA.

> CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH. ORGANISATIONS REQUIRING ASSISTANCE ON RECRUITMENT -- PLEASE TELEPHONE 01-628 7539

# **Credit Analysts**

A number of exciting and challenging opportunities exist for Credit Analysts who have excellent analytical and communication skills.

- Aged 22-30 you will ideally have one or all of the following: \* U.S. bank credit training
- \* Minimum one year's banking experience
- \* A European language
- \* A knowledge of Capital Markets

Salary will be negotiable according to age and experience.

If you possess the required skills then please contact Julia Cartwright or Fiona Collins on 01-404 5751 in strictest confidence or write to them at Michael Page City, 39-41 Parker Street, London WC2B 5LH, quoting reference 3702.



International Recruitment Consultants-London Brussels NewYork Paris Sydney

A member of Addison Consultancy Group PLC

#### Senior Investment Analyst

Forex Dealer-West End £20,000

Senior Eurobonds Supervisor

TIME

**PERSONNEL** 

BANKING DIVISION

**Equity Settlements** —City £12,000

**Charged Securities Clerk** -W1/City £12,000

F/X Settlements—SW1

£15,000

Please phone for further details on: 01-283 6791

#### INVESTMENT **PORTFOLIO** MANAGER

. \*\*

c. £30,000 p.a. With particular emphasis on bonds and fixed interest investments; there will be some partiripation in the management of mutual funds in the US and Far East. The successful candidate will have a minimum of five years' experience with a reputable organ-

isation. Please contact Shelagh Arnell on 01-583 1661 or send c.v. in confidence ASB RECRUITMENT 50 Fleet Street ondon EC4Y 1BE

# For Venture and

Development Capital

At the Welsh Development Agency, our prime task is to promote industrial activity in Wales. A comerstone of our approach is the provision and syndication of venture and development capital to help start up and expand businesses. As a Senior Investment Analyst based at Pearl House in the centre of Cardiff, you'll report to the Investment Manager

and will operate as number 2 in a small team of business You will be expected to assess businesses, formula investment proposals, obtain approvals and monitor the resulting investment portfolio. You must also be able to

- social skills management ability
- common sense

A financial sector background appropriate to investment work, accompanied by extensive industrial experience is desirable. Additionally, you must possess a good degree and/or a relevant professional qualification, and may also hold

Salary is negotiable within the range £17,000 - £18,500. Please send a CV including salary history to:-

WDA

Weish Development Agency

Stephen White, Executive Director (Investment) Welsh Development Agency Pearl House, Greytrians Road, Cardiff CF1 3XX Telephone: Cardiff (0222) 32955 ext. 310

#### **US Investment House**

Carser opportunity exists for e young Economics graduate to Join our Corporate Finance Department. Superior analytical skills, coupled with sound judgement and en inquisitive mind ere essential requirements for the post. Excellent ecademic credentials ere elso essential. The successful applicant is likely to have computer proficiency and to have e demonstrated history of echlevement.

A. T. Smith, Vice President GOLDMAN SACHS INTERNATIONAL CORP. 5 Old Bailey, London EC4M 7AH

# CRUTMENT **ONSULTANTS**

# are you aiming for the top?

Reed City has been established to serve the recruitment needs of the investment and commercial banking sectors, stockbrokers and international financial institutions. Backed by Reed Executive pic, the major recruitment services group, Reed City is independent but soundly based, with well-located offices in the city and ambitious plans for growth over the next few years.

As one of our Consultants, you'll deal with City institutions old and new with the highly able, successful men and women whose skills are undoubtedly at the core of these organisations'

This means you must be very confident of your skills in understanding the markets, the clients and the individuals. You'll already have worked in a City-based recruitment consultancy with demonstrable success, and be keen to take your

next career step.

If you have the qualities we're looking for, including a flexible approach and the determination to succeed in a demanding environment, you'll enjoy a generous basic salary and the opportunity to earn a high level of commission. So, why don't you call Caroline Baker on 01-491 3230 and convince her that you're one of the people we need. Alternatively, send your CV to Anne Barrett, Riley Advertising (London) Limited, Rex Stewart House, 159 Hammersmith Road, London W6 8BS.



# **SENIOR** METALS ANALYST

Shearson Lehman Brothers is one of the world's largest and most successful financial organismious, with a major presence on the London Metal Exchange and the world

We now have an opening for an experienced Metals Analyst whose prime responsibility will be to undertake research in the precious

The successful candidate will be expecte assist with the unit's annetal base metals reviews as well as being able to comment on and prepare price forecasts. Assistance in the preparation of the unit's Weeldy Metal Review will also be required. Apart from familiarity with the workings of . . the world's futures and forward metal market, experience of fundamental research and technical analysis would be a distinct advantage.

Ideally a graduate in Economics or a related discipline, you should be aged around 25-35, computer literate, highly numerate and willing to undertake public speaking This is an outstanding and rate opportunity to join a team well known throughout the

world inerals industry and to work closely with Messel's subcessful mining and metals related consider team. A competitive salary and benefits package

will be negotiated to attract an ambitious and suitably experienced professional. Please apply in writing only to Locette Smith, Personnel Manag Shearson Lehman Brothers Winchester House, 100 Old Broad Street, London EC2M 5NS.

SHEARSON LEHMAN **BROTHERS** 

MINDS OVER MONEY

#### **Appointments** Advertising

£12 per line
Premium positions will
be charged £40 per
singe column centimetre

For further Louise Hunter 01-248 4864 Jane Liversidge 01-248 5205 Daniel Berry 01-248-4782

Appointments Wanted

HARD WORKING

YOUR OWN BANK REPRESENTATIVE IN GREECE Experienced banker, resident in thems, evaluable to represent you bank. Excellent local contacts

#### International Appointments



weeks from the date hereof, to:

# **ABU DHABI** NATIONAL OIL COMPANY

ADNOC is one of the major oil companies in the Middle East controlling the Exploration, Production and Processing of Oil, Gas and Associated Products

The Company wishes to recruit in its Data Processing Services Directorate a:

#### DP TRAINING EVALUATOR

The candidate is expected to perform the following:

1. Develops and participates in the implementation of special DP induction training and career development programmes for U.A.E. Nationals. Surveys and quantifies requirements for training in all aspects of DP,

both for DP staff and users. Plans a cost-effective DP programme. Co-ordinates and participates in the implementation of this plan.

The candidate should have a B.Sc degree in Computer Science or a quantitative discipline plus a minimum of 8 years experience in Data Processing of which 3 years related to training. It is advantageous for the candidate to have experience in training in telecommunications. Interested candidates are invited to forward their applications together with photocopies of their education and experience certificates, within three

THE HUMAN RESOURCES DIVISION MANAGER PERSONNEL DIRECTORATE ABU DHABI NATIONAL OIL COMPANY (ADNOC)

P.O. BOX 898, ABU DHAB! - U.A.E.



#### **ASIAN DEVELOPMENT BANK**

The ASIAN DEVELOPMENT BANK is an international development finance institution established for the purposes of lending funds, promoting investments and providing technical assistance to developing countries end generally, for fostering economic growth in the Asian-Pacific region. Its membership comprises forty-seven countries, thirty-two of which are from the Asian-Pecific region and fifteen from Western Europe and North America. The Bank's Headquarters is in Manila, Philippines.

The Bank offers challenging opportunities to highly qualified and experianced professionals who seek employment on a career or fixed term basis. Applications are invited for the position of:

TREASURY OFFICER

Successful candidates will manage multi-currency fixed income liquidity portfolios and will be members of e small team of professional portfolio managers, managing e portfolio aggregating some \$4.5 billion equivalent invested in securities denominated in 22

currencies.

Candidates must have a number of years of experience in the ective management of portfolios invested in short to medium maturity fixed income securities denominated in the major convertible currencies. Candidates must be fluent in both written and spoken

English.

Staff will be based in Manila with up-to-date communications and informetion retrieval links to all of the world's major Enanciel markets. Attractive salaries, normally free of tax end comprehensive fringe benefits, including housing subsidy are offered to successful

Interested persons are requested to send their resume, including present salary, quoting REF No. UK27 to:

Ref. No. UK27, Human Resources Division, Asian Development Sank, F.O. Sox 789, Manifa, Philippines

#### TREASURER

#### Bruxelles

Internetional co-ordinating centre seeks an experienced Treasurer and investment Manager preferably with stock exchange end commodity experience. Candidates will be aged 30-40 and be Brussels based or have experience in working abroad. The position will require the monitoring of currency and option positions end the preparation of reporting (to tight deadlines) on the Group's cashflow and currency requirements.

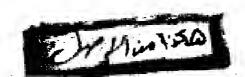
The remuneration package will be tailored to the individual

Reply to: WALTONBRIDGE LTD

13/15 Davies Street, London WIY 2HQ - Ref: MG

مكذا من الأصل

The Later of the L





1786 /// 1986

#### SECTION II - COMPANIES AND MARKETS

# **FINANCIAL TIMES**

Wednesday November 19 1986



## Armani plans major expansion of US and European outlets

BY ALAN FRIEDMAN IN MILAN

GIORGIO ARMANI, doyen of Milan's fashion scene and one of Italy's most famous designers, is planning, an international expansion
with the opening of 150 Emposio Armani outlets in the US and 36 new

shout \$300,500.

shops in Europe.

The five-year plan, the biggest foreign retail venture by an Italian clothes company since the launch of the Benetion network, could cost more than \$80m.

nore than \$80m.

Emporio Armani, the designer's secondary line, was aimed at a young and casual market and be priced below the level of usual Armani fashion but above that of Benetion, the company said. The design house, which last year made an operating profit of LA7bn (\$33.6m) on turnover of L282bn, derives about a third of revenues from

There are six Armani boutiques in Milan, Rome, Bologna, New York, London and Paris. Armani also supplies 72 Emporio franchises in Italy and 312 stores which sell

Emporio in Europe.

Most of the 150 new shops in the
US will be franchises, although Ar-

Nixdorf

increases

turnover

by 17%

Klaus Luft, chairman.

NIXIORF COMPUTER, the West

German company which has just amounced plans to raise more

money through a DM 500m bond is-

sue, lifted turnover by 17 per cent to more than DM 2.8hn (\$1.4bn) in the first nine months of 1986, said Mr

Profits were growing at an even

frams were growing at an even faster rate. Last year, Nindorf's net profits spuried ahead 43 per cent to DM 172m. But for the fall in the dollar against the D-Mark, turnover would have grown faster this year. Including the premium for the equity warrants, the bond issue will raise DM 725m for Nindorf, which has already tayrood the West Com-

has already tapped the West German stock market for nearly DM. 2bn in the past three years. Mr Luft said that capital spending this year

would be some 30 per cent higher at

DM 600m, with a further 20 per cent

The spending would be split roughly equally between West Germany and foreign markets, where Nixdorf projects include a new soft-

ware plant in Singapore and a ser-vice centre in London.

Mr Luft made clear that the mon-

ey was not being raised so that Nix-dorf could pursue US acquisitions,

taking advantage of the strength of the D-Mark as have other German companies. Nimbor's aim was to

grow as much as possible internal-

The decision to issue the new

bonds with equity warrants reflect-

ed growing foreign interest in Nix-

dorf's shares, he said. The bonds, in DM 5,000 denominations, will each

have five warrants with an entitle-

ment to 10 shares (five ordinary and five non-voting preference).

rise likely in 1987.

THE SE

100 MINUTES

r jurke

er Herry

245 8255

) WOZZUNI

THE RE

BANK

mani plans to own four or five "flag-ship" outlets in key cities. The aver-age cost of opening an Armani shop in the US is \$500,000, while the cost

The Emporio line was launched five years ago originally as a jeans line but has since expanded to include casual and even more formal clothes. Armani employs 123 people in Italy and farms out produc Italian manufacturers such as the Società Italiana Manufatti (Sim) of

Sim, a casual clothes manufacturer which recently went public on the Milan hourse, last year made net profits of 1.9.6bn on turnover of

Mr Eduardo Salvia, managing di-rector of Sim, said yesterday that the international successes of Italian fashion were making this sector attractive for new investment and stock market quotations. Mr Salvia announced yesterday

that Sim was shortly to launch a 50-50 joint venture company with Giorgetto Giugiaro, the car designer, to create a new fashion line. Giugiaro

has designed for Flat, Lancia, Ford and American Motors.

The new clothes company, which hopes to reach sales of L10bn in the next 12 months, may also be floated on the Milan bourse.

Other fashion deals are said to be under preparation in Milan with stockbrokers sitting down with de-signers for the first time to discuss

und-raising and share issues. Mr Carlo De Benedetti recently bought 25 per cent of France's Yes Saint-Laurent and hopes to bring the leading French fashion name to the bourse as well Japan's Kashiyama trading group recently took control of the Milan-based Luciano Soprani fashion house in a deal which is expected to be followed by

Italy is likely to export L12,500bn (\$8.9bn) of men's and women's clothes and knitwear this year, a forecast increase of 20 per cent on last year. The Italian clothing in-dustry, which employs 326,000 peo-ple, is thus one of the world's biggest exporters and in menswear is Europe's largest exporter, followed by West Germany and France.

#### Siemens to hold its dividend at DM 12

BY PETER BRUCE IN BONN

SIEMENS, the West German electricals and telecommunications group, said yesterday it planned to pay an unchanged DM 12 dividend for the year to September 1986. It expected net profits to total DM 1.5bn (\$746m), little changed from it had built three nuclear power

The Munich-based company, which has a workfwide workforce of 360,000 said, however, that orders for the year had fallen from DM 51.8bn to DM 50.2bn and that group turnover, which increased 19 per cent in 1984-85, had fallen 14 per cent to DM 47.1bn.

Siemens implied that both the order and the turnover figures had been distorted by fluctuations in the nuclear power plant market. Domestic orders had risen 2 per cent but the company said that if development.

the rise totalled 10 per cent.
Similarly, if nuclear plant sales were excluded from the comparison, total group turnover actually increased by 2 per cent. In 1964-85 the descriptions of the comparison of the co

plants and none in the year just

The weakness of the dollar, the npany said, had caused orders from abroad to fall 7 per cent to DM 25.9bn, although they had increased

Turnover would rise sharply this year, partly with the help of a new

nuclear power plant. Siemens said that it had invested DM 6.2bm during 1985-86, up nearly 50 per cent, and said it had spent a record DM 5.5bn on research and

#### Phelps Dodge to buy **Columbian Chemicals**

BY STEFAN WAGSTYL IN LONDON

PHELPS DODGE the fast-recovering US copper company, is buying Columbian Chemicals Company, a privately-owned producer of carbon

The price has not been disclosed and has yet to be finalised, but is understood to be in the region of \$250m. The acquisition is Phelps Dodge's second major purchase this year - in September it bought a two-thirds stake in Chino Mines Company, a New Mexico copper producer from Kenneout which is a subsidiary of BP's US offshoot, So-

hio, for \$93m.
Mr Robert Durham, Phelps
Dodge's president, said Columbian
Chemicals would fit comfortably in

the group. Its earnings would be less cyclical than copper's so would help bridge the deep troughs that periodically affected copper.

After plunging into loss in the early 1960s, Phelps Dodge has returned to profit in the past two years by cutting costs in its core copper operations and selling as-sets to reduce debt. Columbian Chemicals, which is

based in Atlanta, Georgia, made a profit of \$23.2m on sales of \$305m in 1985. It has five US plants and five abroad, including one at Avonmonth in the west of England. Carbon black is mainly used to strengthen natural and synthetic

Banco de

Bilbao lifts

By David White in Madrid

profits by 23%

BANCO DE BILBAO, Spain's fourth largest bank, registered a 23

per cent increase in its consolidated net profits for the first nine months to Pta 20.6hn (\$152m).

The figure surpassed the group's earnings of Pta 19.1bn for the whole

of 1985, which was 30 per cent up on

The parent bank's pre-tax profits

were almost 28 per cent higher for the nine-month period at just under Pta 17hn. It told shareholders it had

consolidated its leading position among Spanish banks in terms of leading volume, with a 13 per cent

increase to Pta 119.2hn over the past 12 months compared with the

sector's average growth of 8 per

Customers' deposits had mean-

while risen by 14.5 per cent to Ptz

190.6bn, against an average growth

of less than 4 per cent in the bank-

The bank said that its emphasi

on banking services had enabled it to maintain a large proportion of cheap deposits and that the cost of its liabilities had been reduced to 4.81 per cent compared with 5.85 per cent at the end of last year.

Income from services rose 6 per

cent to Pta 18.7bn in the ninemonth period, while general run-ning costs, excluding wages, were reduced by 7 per cent.

the previous year.

#### Bank halts work on **Fermenta** prospectus

By Kevin Done, Nordic Correspondent, in Stockh

SVENSKA HANDELSBANKEN. SVENSKA HANDELSBANKEN, Sweden's second largest com-mercial hank, which has tradi-tionally served as the house bank of Ferments, the troubled Swed-ish antiblotics and animal health group, has withdrawn from work on an offer prospectus for the sale of part of Mr Refast El-Say-ed's personal holding in the com-pany smid continuing uncertain-ty over the future ownership of

Mr El-Sayed, Fermenta's main shareholder and chief executive, is planning to offer 3m to 4m B eres to existing Fermer shareholders as part of his ef-forts to raise each to pay off his pressing deht burden.

He accumulated dehts of

He accumulated debts of around SKr 1.4 bu (\$202m) at the beginning of the year as a result of his abertive co-operation deal with Volvo, and the first repayment of around SKr 500m is due in mid-December.

Two wage carner investment funds, which were to have hought 600,000 of the B shares from Mr El-Sayed and were to have underwritten the offer of a further 23m of a total of 3m B shares to existing Fermenta shareholders withdrew from the deal at the weekend.

Their involvement had been

dependent on a new industrial partner coming into Fermenta, and prospects for this now ap-pear bleak following the succes-sive collapse of ownership deals with both Montedison, the Italian chemicals group, and Pro-cordia, the Swedish state holding

Handelsbanken's role as guarantor of the offer prospectus may well be taken over now by Göta-banken, the medium-sized Swedish bank, which has also maintained a close relationship

maintained a close relationship with Mr El-Sayed.

Mr Tommy Marklund, head of the bank's investment hanking division, said that Götabauken had begun work on the prespectus on Monday, "Handels-banken was working with it previously," he said, "But they did not want to have their name in the wasteretus."

"We have not decided yet whether we will go ahead with it, but we will decide at the heginning of next week."

Mr El-Sayed's earlier sale of 1m A shares (the A shares have one vote, and the B shares one-tenth of a vote) to Beijer. The investment company. is also vestment company, is also threatening to come unstuck.

#### **May Stores** earnings up in quarter

MAY DEPARTMENT Stores, the large US retailer, yesterday re-ported improved third-quarter net profits of \$73.5m, or 47 cents a share against, \$58.5m, or 37 cents, in the corresponding peri-

May, which this week an-

May, which this week announced the sale of its Joseph Horne unit in a leveraged buyout, said sales in the quarter rose to \$2.5hn compared with \$2.25hn in the 1985 quarter.

The Missouri-based retailer said the latest figures reflect pretax charges of \$174m related to its \$2.47hn takeover in July of Associated Dry Goods, the large New York department store group, which owns the Lord & Taylor and J. W. Robinson chains.

The figures also include pre-tax gains of \$149.4m resulting from the sale of various propert-

For the nine months, May reported net profits of \$167.8m, or \$1.66 a share, compared with \$151.4m, er \$1.06, in the 1985 pe-

Nine-month sales rose to \$7hn against \$8.43hn, Dayton Hudson, another of the top six US stores groups which is involved in a significant restruc-turing, said that higher income tax rate and inventory accoun-

ting charges were responsible for a decline in its third-quarter Net income from continuing operations was \$51.9m, or 54 cents a share, compared with \$56.9m, or 58 cents, a year earlier, despite increased sales of \$2.33bm against \$2.07bm.

For the nine months, the Minnesota based group reported net profits from continuing operations of \$127.2m, or \$1.31 a share, against \$130.3m, or \$1.34, on sales of \$6.5hm, compared with \$5.85hm.

BORG-WARNER GOES ON THE DEFENSIVE AFTER TAKEOVER SPECULATION

# Fending off the corporate raiders

MR CLARENCE "Red" Johnson president and chief executive of on.

Borg-Warper, may be doing his utmost to play down suggestions that lows last month's decision to sell the accelerating stream of company the company's industrial products restructuring announcements con-stitutes a defensive reaction to current takeover speculation.

But last week's decision to sell its financial services unit marks an abrupt, if not altogether unexpect-ed, change of tack for the company which has been steadily building up the financial services division for

Mr James Bere, chairman, is credited with picking out the long dormant financial services business for rapid growth in the mid-1970s. It has since grown into the 14th largst finance company in the US.

Meanwhile, services of all kinds (as opposed to manufacturing)
benefited from the group's diversification in 1978 into security guard
and cash transportation services,
and earlier this year into consumer credit reporting. These activities, which Borg-Warner lumps together as services, have expanded to ac-count for about 50 per cent of net assets compared with 15 per cent in

Recently, however, the sector has fallen on hard times, losing \$18.2m in 1985 because of discontinued insurence operation losses and problems with agricultural loans. While the business has staged a moderate recovery in the first nine months of proceed with the sale of the finan-cial services side while several pot-ny's structure seems almost tailor-

ential buyers are still on the horiz-on made for an acquisition partially fi-fectively cleared the decks for a nanced by the sale of unwanted di-strunch defence by announcing its

the company's industrial products subsidiary – a mixed bag of pump, mechanical seal, nuclear values and defence control system manufactur-ers - and the spin-off last March of its \$634m air conditioning business. Assuming the group follows Mr Johnson's plan to make no further major divestitures over the next

year, it will be left with the two remaining services units (guard ser-vices and credit reporting) two core manufacturing business – automotive components and chemicals. The automotive division which in-

cludes transmissions, engine con-trols, drive chains and ayles, has been struggling to cut costs in re-cent years, under pressure from intense worldwide competition and generally depressed demand. Per-formance in the chemicals division, meanwhile, has given more cause for encouragement - particularly in Europe, where thermo-plastics sales have been strong since last year's joint venture with CdF Chimle, the French state chemicals

mance has been flat for the past five years. Net earnings, which to-talled \$172.1m (\$2 per share) on sales of \$2.6m in 1981, rose to only \$178.5m (\$2.01 per share) on sales of \$2.5m in 1985. \$3.3bn in 1985. But what really singles Borg-Warner out as a poten-tial target for corporate raiders is 1986, posting a \$30.5m profit, the tial target for corporate raiders is company has evidently decided to the lack of cohesion between its

Overall, the company's perfor-

This parily explains the recent accumulation of major holdings in the company by both Mr Irwin Jacobs, the Minneapolis investor, and GAF, the New Jersey chemical group. Mr Jacobs recently raised his stake in the company to 7.8 per cent while GAF has admitted holding a 9.6 per cent stake, almost half in the form of options. Both may also have been influenced by Bors-Warner's announcement in September that it plans to buy back as

many as 15m of its 86,7m outstand-

ing common shares as another part

of its restructuring programme. GAF is a much smaller company than Borg-Warner but it appears particularly well placed to launch a hostile takeover bid. It has accumulated a sizeable cash hoard partly as the result of a similiar attempt last year gain control of troubled Union Carbide. GAF collected \$115m from its disposal of a large block of Union Carbide stock earlier

Analysts point to Borg-Warner chemicals subsidiary, particularly its engineering plastics operations, as a prime target for GAF and further reason that the New Jersey concern would be happy to spin-off either or both of the protected services and automotive divisions to offset any debt in curred.

Yet Borg-Warner would not be easy prey. Earlier this year Chicago company adopted an anti-takeover provision involving the distribution of stock purchase rights to shareholders. Analysts believe it has effectively and the corporate raider's arts — Mr Heyman gained control of GAF in 1983 after a province of stock purchase rights to shareholders.

intention to sell its financial ser-This partly explains the recent vices interests. The debt which the

so have been influenced by Borg- has held for some nine years. The West German automotive parts maker has an agreement with Borg-Warner not to increase its stake in the company, and is seen by some as a possible "white knight" in the event of a last-ditch

> So how likely is this staid and solid performer to fall into enemy hands? Mr Heller believes that the real "bottom line" is the company's break-up values which he puts at \$36 to \$44 a share - "conceivably \$47." If this assessment is accurate, and bearing in mid that both apparent suitors would turn a neat profit by cashing their chips at the cur-rent \$41.25 per share market price, in Mr Heller's words "the chances

> Both Mr Jacobs and, Mr Samuel Heyman, head of GAF, are prac-tised exponents of the corporate

#### AT&T buys stake in optics group

AT&T, the giant US company, has administration, Knwait, Switzerestablished a bridgehead in Europe land, Eire and the three other Nor-for marketing optical fibres by dic countries.

The advantage of the deal to optical fibre manufacturing plant of AT&T is that it gains direct and im-NKT, the Danish electro-technical

2.2hn (\$293m). Its optical fibre plant as a potential exporter of optical finear Copenhagen has an output capacity of about 30,000km a year NKT recently obtained an order, which it sells to the Danish telecom which has not been finalised, to pro-

mediate access to the EEC and Nordic markets. For NKT, the link with NKT has a group turnover of DKr AT&T will strengthen its position

vide the technology for an optical fi-bre factory being set in India by the state-owned Hindustan Cables. The value of the contract is, about DKr

The Danish part of the contract will be financed with soft loans from the Danish aid administration affected by the link with AT&T.

Coca-Cola cuts unit selling price By Our Financial Staff

COCA-COLA, the US soft drinks

group, said it cut the expected price for the initial offering of Coca-Cola Enterprises, a bottling subsidiary to \$18 to \$21 a share from \$21 to \$24. The new expected price range for from the Danish aid administration the offer - one of the largest initial and final contracts are expected to offerings on Wall Street - was filed be signed within the next few in an amendment to its registration weeks. The deal in India will not be statement with the Securities and

This announcement appears as a matter of record only.

Initial Public Offering



# Resource Capital International Ltd.

(Incorporated under the laws of the Islands of Bermuda)

\$27,600,000

2,400,000 Ordinary Shares and 2,400,000 Ordinary Share Purchase Warrants

Each ordinary share purchase warrant will entitle the holder, upon payment of the exercise price of \$11.00 on or before October 31, 1989, to purchase one ordinary share.

Price: \$11.50 per Unit

Euro-Equity Issue: These Units were offered initially in Canada, Europe and Australia by the undersigned.

Merrill Lynch Canada Inc.

Dominion Securities Inc.

Loewen, Ondaatje.

& Company Limited

**Burns Fry** Limited

Deacon Morgan McEwen Easson

Walwyn Stodgell Cochran Murray

Limited

Osler Inc.

Limited

November, 1986

**McCutcheon** 

#### Norway's TRADE FINANCE BANK

Union Bank of Norway has every facility to assist importers and exporters in their sales efforts both in Norway and abroad. We offer collection services, letters of credit and trade finance, all of which can be adapted to meet particular needs. We offer financing in different currency baskets to reduce your foreign exchange risks. Our close relationship with the Norwegian Savings Banks gives us a unique network to assist with your

payment transactions. Please contact Tom Kristensen (trade finance) or Eva Hagerup (letters of credit/collection) in Norway. Tel: (472) 31 90 50. Telex: 19470 UBN BK. Union Bank of Norway is known domestically as ABC bank.

Also in Copenhagen, Helsinki, London, Luxembourg, New York and Stockholm.

Union Bank of Norway

# INTL. COMPANIES AND FINANCE

# First Interstate pursues \$3.4bn struggle for rival BankAmerica

BY WILLIAM HALL IN NEW YORK

ation, the US West Coast banking group, has refused to drop its \$3.4bn bid for BankAmerica, its ailing rimerger," a statement from First Inval, indicating that the battle for terstate said. control of America's second biggest banking group is far from over.

manimously directed the management to continue its efforts to bring about a merger of First Interstate that a combination of the two com- lems. panies provides advantages so over-whelming to all parties that we that it fell that it was in the best in-

BY OUR FINANCIAL STAFF

BANK in Liechtenstein (BIL) said

its first public share offering was oversubscribed many times.

to begin tomorrow on the over-the-

changing hands unofficially at SFr 1,700 (\$ 1,062), nearly three times the issue price of SFr 600. BIL, which is controlled by the

Trading in the stock is expected

ty if we did not pursue every pru-dent measure to bring about such a

First Interstate's decision to ress ahead with its takeover plans First Interstate has said its board for its larger competitor comes a manimously directed the manage fortnight after BankAmerica had asked it to drop its bid so as to give BankAmerica's new managemen and BankAmerica. "All directors team time to see if they could and management remain convinced conquer the group's serious prob-

FIRST INTERSTATE Bankcorpor would be remiss in our responsibiliterests of the shareholders of both companies for its proposal to "receive a proper evaluation and be acted upon." Its decision not to drop its bid, which is worth about \$22 a share, is embarrassing for Bank-America since the group remnot le-gally ignore an offer which is at a substantial premium to the group's

substantial premium to the group's current share price of \$15%.

BankAmerica announced plans to bolster its capital ratios and sell up to \$16bn of assets last week but this had no immediate impact on the group's share price which remained unchanged.

#### Big demand for Bank Gillette moves

GHLETTE, the US razor and consumer products group, has filed an amended claim in a federal district court in Boston seeking to enjoin further purchases of its stock by a group led by Mr Ronald Perelman, chairman of Revion, the US health care and beauty products group, on the grounds the paschases violate federal securities law.

Fourfold profit rise at Bear **Stearns** 

By Our Financial State BEAR STEARNS, the largest US investment bank and brokerage firm, achieved a more than fourfold increase in not income for the second quarter to October Earnings were ahead at Milita or 12 cents a share, from Sixin

The result was after a 4 cents-per-share loss related to the creation of an irresocuble trust to provide for the redentati 13 per cent motes.
Hedere this last, not prolif for the quarter was \$32.25m, or \$6

centr a share.

For the first six months Bear Steams showed not exceeding up at 968.5m, or 52 cents. After the less on the redemption, the half-year total disk time war \$77.15m.

Revenue for the latest three months reached \$610.00m, and from \$410m a year age.

The figures for last year include the results of Bear, States and Color the street seasons. and Co, the prodecessor pushing restated as if the pushing heat been conducted

#### to block Revion in Liechtenstein shares By Our Financial Staff

principality's ruling family, decided last month to go public with an of-fering of non-voting shares to seto begin tomorrow on the over-the-counter market in Zurich, Geneva and Besle. The shares are said to be might tap the market again soon with a similar operation to help fi-The group has bid \$4.9bm for Gilnance its ambitious expension pro-

#### Rio Algom offers six banks control of mine

BY BERNARD SIMON IN TORONTO

RIO ALGOM, the Canadian arm of Trust, Mitsui Bank and Barclays. Britain's RTZ mining and industrial group, has asked a group of six banks to take control of North Americe's only primary tin producer as a result of the collapse in tin prices.

The fate of the new mine, at East Kemptville, Nova Scotia, remains uncertain. Rio Algom said it was willing to co-operate with the banks to keep the mine open.

An official at Bank of America Canada, leader of the consortium which financed construction of the mine, said: We're reviewing our op-tions." The banks have until mid-pecember to notify Rio Algors of tormes of ore a day, yielding 4,400 their plans, Other members of the tonnes of tin, 2,400 tonnes of zinc lending group are Chemical Bank, and 1,500 tunnes of copper concen-National Bank of Canada, Montreal trates a year.

East Kemptville has debts of about C\$140m (US\$101.im) in the form of financing secured by mine assets without recourse to Rio Algom. Rio Algom said yesterday that, in the event of the banks taking control of the project, the company would write down its invest-ment of about CS20m in the fourth quarter of the current fiscal year.

The mine, which began production just four days before last year's tin crisis on the London Metal Ex-

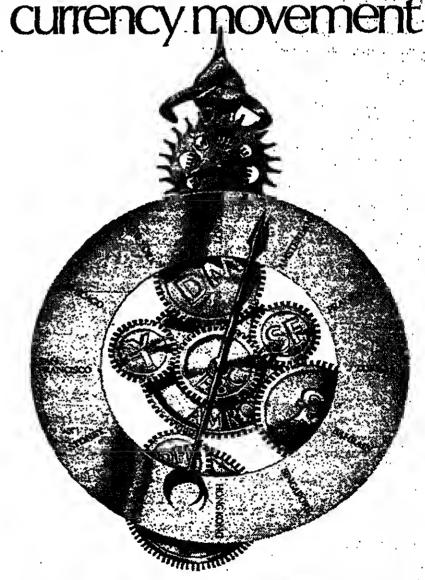
# TYNDALL DEMAND ACCOUNT

The call deposit account for professional money managers company treasurers and all those wishing to place money on

behalf of clients at high rates Immediate deposit and repayment on a telephone call. Round sums not required.

 Separate accounts for each of your clients. Rate as at 1711.86; net rate 7.78% for individuals. For further details contact Ian Meier, on Bristol (0272) 732241

29/33 Princess Victoria Street, Chilian, Bristol, BSS 4BX.



EBC Amro is a respected force at the heart of the world currency markets and a market-maker in Sterling, Deutsche Marks, Swiss Francs, Yen and Dutch Guilders.

Already possessing a formidable reputation in the interbank market, corporate customers, too, have come to appreciate the same skills and terms of business.



A GREAT DEAL BETTER IN FOREIGN EXCHANGE

EBC Amro Bank Limited, 10 Devonshire Square, London EC2M 4HS. Tel: 01-626 4606.

The Board of Directors is pleased to announce the election of

Roger E. Birk

Chairman of the Board



#### International Securities Clearing Corporation

A Subsidiary of National Securities Clearing Corporation 55 Water Street, New York, NY 10041 (212) 510-0400; Telex 5106001991 NSCC NYK



THE ZURICH STOCK EXCHANGE

# Fully continuous trading in leading Swiss shares

Swissair bearer, Bank Leu bearer, UBS bearer and pc (participation certificates), Swiss Bank Corporation bearer and pc, Credit Suisse bearer (including pc), Swiss Volksbank Co-operative shares, Swiss Reinsurance pc, "Winterthur" bearer, "Zurich" bearer, Adia bearer, Elektrowatt bearer, "Holderbank" bearer, Jacobs Suchard bearer, Oerlikon-Buehrle bearer, Pargesa bearer, Surveillance bons de jouissance, Pirelli bearer, BBC bearer, Ciba-Geigy bearer and pc, Nestlé bearer and pc, Sandoz pc



#### World Pulp & Paper Conference

11 & 12 December 1986,

advertisement, together with your business card, to:

tax 01-623 8814

Financial Times Conference Organisation Minster House, Arthur Street, London EC4R 9AX. Alternatively, telephone 01-921 1355 or telex 27347 FTCONF G

U.S. \$400,000,000



#### The Kingdom of Belgium

Floating Rate Notes Due December, 2004 In accordance with the provisions of the Notes. notice is hereby given that interest payable on 19th December, 1986 will amount to U.S.\$8,859-37 per U.S.\$250,000 Note.

Interest rates applicable are as follows: 19th June 1986 to 19th Nov. 1986 — 71/6% 19th Nov. 1986 to 19th Dec. 1986 — 67/6%

Morgan Guaranty Trust Company of New York

Agent Bank:

#### Standard & Chartered

Standard Chartered PLC

£150 million Subordinated Floating Rate Notes due 1996

In accordance with the provisions of the Notes, notice is hereby given that for the three months period from 17th November 1986 to 17th February 1987 the Notes will bear interest at the rate of 11.35 per cent per annum.

Interest per £5,000 Note will amount to £143.04 and will be paid for value 17th February 1987 against surrender of Coupon No 3.

Standard Chartered Merchant Bank Limited Agent Bank



#### IDB INTERNATIONAL N.V. U.S.\$50,000,000

Guaranteed Floating Rate Notes 1987 additionally and irrevocably guaranteed payment of principal and interest by ISRAEL DISCOUNT BANK LIMITED

For the six months

19th November, 1986 to 19th May, 1987
the Notes will carry an
interest rate of 6% of per annum. The relevant Interest Payment 19th May, 1987.

Agent Bank

YOKOHAMA ASIA UMITED (Incorporated in Hong Kong) U.S.\$100,000,000 GUARANTEED FLOATING RATE NOTES DUE 1997



Unconditionally and irrevocably guaranteed by THE BANK OF YOKOHAMA, LTD. (Incorparated in Japan)
Notice is bere'ty arm that the Rate of Interest for the interest pariod has been fixed at 6% No. 2. and that the interest payable on the relevant interest Payment Date, February 19, 1987 against Coupon No. 6 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$161-32 and in respect of U.S.\$250,000 nominal of the Notes will be U.S.\$4,032-99.

November 19, 1986, London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANC



**BANQUE INDOSUEZ** US\$200,000,000 Floating Rate Notes Due 1997

For the three months 19th November, 1986 to 19th February, 1987 the Notes will carry an interest rate of 63/8% per annum and coupon amount of US\$162.92 per US\$10,000 note, and

US\$4,072.92 per US\$250,000 nate Listed on the Luxembourg Stock Exchange by

Bankers Trust Company, London

Den norske Creditbank **Primary Capital Perpetual** 

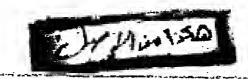
Floating Rate Notes in accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from November 19, 1986 to February 19, 1987 the Notes will carry an interest Rate of 6%% p.a. and the Coupon Amount per U.S.\$10,000 will be U.S.\$16-32.

November 19, 1986, Landon By: Girbank, N.A. (CSSI Dept.), Agant Bank

CITIBANCO

ntlol4

)fit ris



# NOW. A U.K. HOUSE WHO OFFERS THE SECURITY OF \$2.5 BILLION IN CAPITAL AND THE ATTENTION OF 1250 EMPLOYEES.

With \$2.5 billion in capital, we are the second largest investment bank on Wall Street. We are also one of the most profitable.

Our 1250 employees in London will be housed in Broadgate, one of the largest and most sophisticated

office complexes in Europe.

We are investing nearly £16 million in computer technology. We are developing one of the world's most sophisticated trading systems in partnership with the London Stock Exchange and IBM.

As the only U.S. broker to buy a U.K. broker,

L. Messel & Co., for Big Bang, we will offer our combined clients these professional services.

In Gilts, Messel Gilts
Limited, our primary dealer, offers continuity. They will build
on the same sales and research
teams as pre-Big Bang. They further offer consistency in prices
from a team of traders who draw
on Shearson Lehman's Government trading experience. They
will be working with the confidence of a back office that will
be equipped with systems

technology to handle major increases in volume while preserving our full range of agency services.

In U.K. equities, L. Messel & Co., with a team of 21 market makers, will trade 350 issues. They will be backed by the strength of the largest OTC equity

trading operation in the world.

Our U.K. research includes regular publications on macroeconomics and portfolio strategy. Our 38 analysts cover 85% by capitalisation of the U.K. equity market.

We have 32 salesmen to ensure that our trading and research strengths are effectively communicated to our clients.

In the U.K. money markets, our activity in sterling FRN, CD and Commercial Paper markets is highlighted by the Allied-Lyons recent sterling commercial paper programmes, the benchmark issue in that market. We have also been appointed dedicated dealer of over £2 billion

CD programmes.

In commodities and futures, Shearson Lehman's longestablished position in world commodity markets has been strengthened by our leading presence on the London Metals Exchange, LIFFE and Gold Bullion market.

No commitment to the U.K. would be complete without offering our clients a full service in corporate finance. We have attracted some of the City's brightest merchant bankers.

Together with Messel's corporate finance team, they are now providing U.K. companies with advice on M&A, leveraged buy-outs and capital raising.

This is Shearson Lehman in the U.K. We invite you to put us to the test.



Messel Gilts Limited: Philip Howard (626 2525) L. Messel & Co. (U.K. Equities): Mark Cannon-Brookes (377 0123)
U.K. Money Markets: Stuart Clenaguan (626 2525)
Commodities: Craig Black (283 8711) U.K. Corporate Finance: William R, Harrison (626 2525)

Argentina

**Eurobonds** 

rated BA3

by Moody's

rating agency, has announced a new rating of BAS for Euro-

bonds issued by the Republic of Argentina and BAI for debt issued by Brazil, as part

of an attempt to extend the

range of its rating service on sovereign borrowers.

The rating on Argentina puts its debt clearly into a category that Moody's describes as a speculative grade investment. The agency said houseast that it

said, however, that it expects Eurobond holders to continue

to receive preferential treat-

ment compared with other

creditors, given the technical difficulty of setting up a rescheduling mechanism for

bondholders and the weaker leverage that can be exer-

cised over anonymous credi-

tors.

Its rating underlines the clear distinction that has developed in the markets national capital markets between the way in which Eurobond debt is treated when countries reschedule, and the way in which their bank debt is treated.

Mr Kenneth Pinkes, a vice president of Moody's, said

Quentin Peel and Alexander Nicoll on EEC exchange control moves

# Symbolic step towards deregulation

of the European Community's capital movements from ex-change controls was the speed

The truth is that the measures to liberalise transactions in such investments as unquoted securities and unit trusts, on the one hand caught the mood of the moment, and the mood of the moment and the mood of the actions in such investments as any drastic changes from anybody.

None the less the package represents a small, if symbolic,

first step on the path towards what is rapidly being perceived as a much more ambitious goal: as a much more amondous goal-complete freedom of capital movements within the Com-munity—or the great majority of its member states—by 1992. Mr Jacques Delors, the president of the Commission, has promised to table a second package of measures in the first half of next year. He knows that it will be much more difficult to swallow.

more discent to swattow.

This week'e moves should mean that all financial transactions related to the free movement of goods and services in the EEC should chemselves be free from ex-change controls in seven mem-ber states — Britain, Belgium, Denmark, France, Luxembourg, the Netherlands and West Germany. The other members have been granted exemptions until their payments balances can

Citicorp swaps specialist

to join County NatWest

MR MARK D. Blundell, a swaps Botts, chairman of Citicorp In-marketing specialist, is to be-come the latest in a series of country corporate officer, sev-

senior executives to leave Citi-corp Investment Bank in Lon-number of less senior ones.

don. He will join County At County, Mr Blundell will NatWest Capital Markets in be a director with responsibl-

January.

Mr Blundell, an American, ing swaps and other interest rate risk management instruwas leaving Citicorp mainly bements, as part of County's build-

he would remain in the UK. But
his move will undoubtedly be
seen as a further sign of uncerdirector in charge of marketing

tain morale at Citicorp follow- in France and Belgium. She has ting recent departures. been with Shearson Lehman
These have included Mr John Brothers in France.

cause he wanted to ensure that ing of a swaps team.

The next phase should liberate purely financial transto free cross-border actions not directly related to with which the decision was the speed with which the decision was rencies, money market operataken: barely five months from tons, bank deposits and balances on current account. That means taking controls off transactions which could be ministers. both domestic and foreign curpurely speculative — including currency speculation — rather than backed by any visible purchase of assets.

It is also likely to call into

less prosperous member states and regions can prevent an outflow of capital, but also the differing tax rates of savings, prudential rules for financial institutions, and the super-vision of banks in different member states.

The next round of negotiations will therefore be much more protracted and more difficut, hat is the ultimate objective completely unrealistic?

"If you had asked me that question two years ago," one national banking official com-mented, "I would have said probably, yes. Given the present

mood in the Community, I am not so sure. It could happen." The practical effects for financial markets of Monday's direc-tive will be limited, particularly in the short term.

Though it represents part of broader moves to harmonise and liberalise financial markets within the European Community, the package's scope is restricted to euthorisation by member governments for the use of foreign exchange to in-

lity for structuring and market-



vest in some instruments. EC directives already require such authorisation for a much broader range of more main-

stream investments. With some small exceptions, however, seven of the 12 memhowever, seven of the 12 mem-ber countries have already re-laxed their foreign exchange controls more than the mini-mum required by EC directives so far, including Monday's,
The biggest effect would come
if Italy decides to relax foreign
exchange controls. It is exempt

exchange controls. It is exempt until the end of next year from applying the existing EC requirement, but has been indicating it may relax foreign exchange controls soon to allow freer investment abroad.

Corporation, a UK farm finance

concern owned by the Bank of England and main clearing banks, has launched a £90m, eight-year loan facility in the

international capital markets.

Led by Barclays de Zoeta Wedd, the facility carries an annual underwriting fee of 5 basis points during the first three years of its life, rising to 7.5 points thereafter.

BY OUR EUROMARKETS CORRESPONDENT

AGRICULTURAL Mortgage sterling money market rates of Corneration, a UK farm finance 10 basis points excluding the

It will permit the borrower to raise funds in the form of short-term cash advances carrying a maximum margin over the state of the stat

to invest abroad place an interest free deposit up to 15 per cent of the value of the investment, subject to case bycase exemptions.

Spain is exempt from apply-

ing the directives until 1990 and Portugal until 1992. Ireland and Greece are expected to seek continued exemptions

The seven countries while have already adopted a more relaxed attitude are Britain, which has not exchange controls and thus no bar on the move-ment of capital; Denmark, West Germany, the Netherlands, France, Belgium and Luxem-bourg. There will be small effects in some of these

The Netherlands, for example, will have to alter its rules on long-term credit and on per-mission for Dutch residents to buy guilder bonds issued abroad —currently this is not technically allowed but exemptions are rontinely given. There may be changes by other countries which will ensure that flows of cepital are two-way — eo that once capital in invested, it may

also be windrawn.

The steps taken this week, however, are separate from continuing EC discussions covering the securities markets concerned. Though investors may be able to acquire foreign exchange to make the invest-ments concerned, other domestice regulations may actually prevent them from doing so. Rather, the measures prepare the ground for more compre-hensive steps in the future.

cost of mandatory liquid assets

required under Bank of England

regulations on sterling lending

Though 27.4 per cent owned by the Bank of England, Agri-cultural Mortgage Corporation is not eligible to tap the sterling

commercial paper market be-cause it does not have a stock

Carrefour, the French super

market group, has appointed Credit Spisse First Boston and

exchange listing.

Mr Kemmeth Pinnes, a vice president of Moody's, said yesterday that a bank credit to Argentina would not have received as high e rating as its Eurobond debt.

Indeed Moody's forecast for Argentina is rather bleak. It says it expects the country's debt burden to remain among debt burden to remain among the highest in the world with debt more than five times expert earnings until 1988, and declining only slowly Farm finance corporation launches £90m loan facility

thereafter.

Argentina will soener or later demand substantial concessions on the terms of its external bank debt which will "quits likely" include below market rates of interest, Mr Pinkes said. However, Pinkes mid. However Moody's expects such conces sions to be negotiated and, as long as they do not fail, Eurobond debt, which amounts to \$509m, should continue to be serviced.

Moody's rating for Brazil, Moody's rating for Brazil, by contrast, puts its \$1.2km in outstanding Eurobonds on the borderline between speculative and investment grade paper. It warned that Brazil may face problems with its current account balance, of payments because of its expansionary economic policies. This may make it hard for Brazil to return to voluntary Bragil to return to voluntary borrowing on international markets, although reschedul-ing agreements with bank

ereditors "are reasonably well executed." Eurobond debt should continue to be serviced in a timely fashion. Separately, Moody's also mnounced an A2 rating for Korea, BAA1 for Malaysia and A1 for Portugal

#### Zurich adds to Ciba-Geigy warrants issue

By John Wicks in Zurich

By John Wicks in Zurich

BZ BANK ZURICH has
added 50,000 further covered
warrants to the 190,000
already placed in connection
with foture purchases of
Ciba-Geigy registered shares.
This follows the announcement at the weekend of a
private placement by the City
of Zurich, every SFr5,000 of
whose bouds bears two CibaGeigy warrants.

The bank, which earlier
this month ploneered covered
warrants in Switzerland by
placing the first 190,000 of the
Ciba-Geigy warrants, has
secured the necessary 50,000
additional registered shares
of the Basio chemical company.

#### Dollfus-Mieg raises FFr 360m

By Our Euromarkets Staff

DOLLFUS-MIEG, the French textile concern, has raised FF7360m through a share issue of which more than two-thirds was placed internationally, mostly in the London market.

Banque Nationale de Paris, Enskilda Securities and Smith New Court led the FF7 250m international tranche, with Credit Lyannais handling the remainder domestically. The 675,906 new shares, priced at FF7 535, at a 4 per cent discount, will expand the company's capital by 17 per cent.

#### Europaper for Coleman

Coleman, the UK food and household products group, has appointed Chase Investment Bank and CIBC to act as dealers in a \$75m Euro-commercial paper pro-gramme, Reuter reports. The programme will allow Coleman to issue fully dis-counted bearer notes with

maturities of seven to 183 days in denominations of Manhattan Bank issuing and paying

# Coupon differential puts Canadian deals in vogue

drawn investors to the coupon differential between Canadian and US dollar paper. Caissee Nationale des Tele-

caissee Nationale des Tete-communications (CNT), the French telecommunications entity, launched a C\$100m 9} per cent 1994 bond, led by Banque Nationale de Paris, and priced at 101½. The issue is guaranteed by the Republic of France.
This is the first Canadian

ment agency this year. BNP reflected the borrower's credit quality in what was viewed as a correctly priced deal. The paper was selling well at around its fees by mid-after-CNT is converting its funds into fixed-rate French francs at a considerably more attractive rate than it could schieve via a seven-year Euro-French franc deal

The seven-year market in both US and Canadian dollars remains rather fragile but BNP made a strong case for the CNT

bond, which was launched at 62 late afternoon.

The secondary Eurodollar Canadian Treasury bonds.

Moreover, the yield curve by to points for 10-year maturities in Canadian dollars firmer to two to five-year paper.

Dominion Securities issued a C\$100m 9½ per cent 1991 deal for General Motors of Canada, priced at 101½. Though quite tightly priced, dealers expected a good reception for the Euromarket debut of GM's Canadian operation, which is Canada's largest company. The paper is linked with an interest rate swap.

tion issued a C\$75m 10 per cent 1992 bond, led by Orion Royal Bank and priced at 101‡. The borrower is the Canadian sub-sidiary of Household Finance Corporation, the US financial dollar deal for a French governservices group, which is guaranteeing the issue.

In the straight Eurodollar market, Nippon Credit International led a \$100m 7\frac{1}{2} per cent 1991 bullet issue for Nippon Credit Bank Curacae Finance, guaranteed by Nippon Credit Bank

Priced at 1011, the paper sold very quickly, with investor demand coming largely, but not exclusively, from the Far East. The issue was trading well within its 1; per cent fees by

CANADIAN DOLLAR issues of around five to seven basis ing among floating-rate notes, were in vogue in the Eurobond primary market yesterday as lead managers capitalised on the currency's steady parity against the US dollar. This has drawn investors in the common for General Motors of Canada.

government-owned steel manugovernment-owned steel manifacturer, continued the revival of the Ecu primary sector with a Ecu 50m 77 per cent 1993 bond, led by Nippon European Bank, and priced at 1011. The issue, which is being swapped into floating-rate dollars, was reading inst within its fees by trading just within its fees by late afternoon.

Vestfjerden (VEAS), the Norwegian waterworks, issued a SFr 140m 12-year 5 per cent par priced bond, led by Soditic. The issue, guaranteed by the City of Oslo, has a SFr 75m tranche payable next January and the belance in May.

belance in May.

The coupon on the SFr50 issue for Nippen Denko Canpany was fixed at 2½ per cent. Tays Radiater's SFr 45m issue was fixed at 2½ per cent.

Secondary Swiss market prices were unchanged to a shade weaker yesterday in decreasing volume. West German secondary issues were about ½ point firmer in fairly thin trad-

secondary issues which that frad-ing. NixderFs equity linked issue fell 2 points to around 143

The coupon on the \$70m equity warrant bond for Toshiba Ceramies was fixed at 34 per cent. The foreign exchange rate

# Merrill UK seeks Tokyo branch

MERRILL LYNCH of the US hopes to open a branch in Tokyo of its London banking sub-sidiary in order to engage in foreign exchange business, making it the first foreign securities company openly seeking to break ground in Japanese banking.

Although Japan has allowed soms integrated foreign banks to undertake securities dealing

securities house has so far been permitted to begin banking business either directly or through a subsidiary. Mr William Schrever, Merrill's chairman, said in Tokyo yesterday that Leutsche Bank,

Nomura Securities and Citicorp

were regarded as its chief Deutsche Bank pioneered a new route by obtaining a Tokyo brokerage licence for a Hong

Kong subsidiary in which it had hived off a 50 per cent holding to friendly partners. Citicorp has been engaged in broking business through Vickers da Costa in Tokyo since 1984, while in the other direction Nomura has been granted a licence to establish a banking subsidiary

an the

M431

Merrill Lynch stock closed at Y6,450 on first-day volume of 97,300 shares.

#### FT INTERNATIONAL BOND SERVICE

This advertisement complies with the requirements of the Council of The Stock Exchange. It does not constitute an offer of, or invitation to the public to subscribe for or to purchase, any securities,

U.S. \$100,000,000

## Robert Fleming Netherlands B.V.

Primary Capital Undated Guaranteed Floating Rate Notes

guaranteed by

## **Robert Fleming Holdings Limited**

(Incorporated in England under the Companies Acts 1948 to 1981, registered number 1161445)

The following have agreed to subscribe or procure subscribers for the Notes:

Credit Suisse First Boston Limited

Yasuda Trust Europe Limited

**Bank of Tokyo International Limited** 

Barclays de Zoete Wedd Limited

**DKB International Limited** Mitsubishi Finance International Limited Fuji International Finance Limited

Morgan Guaranty Ltd

The National Commercial Bank (Saudi Arabia)

**Chemical Bank International Limited** 

The Royal Bank of Scotland plc

Sanwa International Limited

The issue price of the Notes is 100 per cent. of their principal amount. Application has been made to the Council of The Stock Exchange for the Notes to be admitted to the Official List. Interest will be payable semi-annually in arrear in May and November of each year, commencing on the interest payment date

Listing Particulars relating to the Notes, the Issuer and the Guarantor are available in the statistical service of Extel Statistical Services Limited and copies may be obtained during usual business hours up to and including 21st November, 1986 from the Company Announcements Office of The Stock Exchange and up to and including 3rd December, 1986 from:

Credit Suisse First Boston Limited,

Hoare Govett Ltd., Heron House, 319/325 High Holborn

19th November, 1986

Chemical Bank, Chemical House, 180 Strand, Lendon WC2R 1ET

And the state of t

This announcement appears as a matter of record only.

3,600,000 Shares

Price U.S. \$20.875 Per Share

Of the 3,600,000 Shares, 600,000 Shares are being offered initially by the international Underwriters

**Hambros Bank Limited** 

These securities have been sold outside the United States of America and Japan. This at

appears as a matter of record only.

named below, 2,000,000 Shares are being offered initially by the U.S. Underwriters and

1,000,000 Shares are being offered initially by the Canadian Underwriters.

Echo Bay Mines Ltd.

New Issue / November, 1986

Common Shares

(without nominal or parvalue)

**Burns Fry Limited** 

Wood Gundy Inc.

**Banque Louis-Dreyfus** 

15th October, 1986

**EBC Amro Bank Limited** 

echo bay mines

#### INTL. COMPANIES and FINANCE

# Orient Leasing's pre-tax profits increase by 90%

BY YOKO SHIBATA IN TOKYO

ORIENT LEASING, Japan's leasing contracts by sector 41 per cent of the total Despite largest leasing company, showed showed office automation equipkeen competition with banks, its profits to a record Y15.75bn ducts for commercial and serposite of the ducts for commercial and serpos (\$96.8m) in the year to September, bolstered by strong private capital investment in domestic services industries and a decline in interest rates. domestic service industries and a decline in interest rates. Revenues climbed 20 per cent to Y399bn and net profits were 12 per cent higher at Y3.39bn. On a per-share basis the net carnings rise was more muted—from Y62.23 to Y63.37—following the early redemption of 370m in convertible bonds. The annual dividend per share was increased by Y1 to Y13.

New receivables totalled Y1.023.6bn, an increase of 22 per cent to account for 35 per cent of the total.

A group's loans business rose 10 per cent to account for the group's loans business rose 10 per cent to account for the declined by 25 per cent to show a 24 per cent drop.

**ICI** gains

By Robert Kennedy In Sydney

in the current year.

The profits came on sales
12.6 per cent ahead at
A\$2.05bn, and were struck
before extraordinary losses—

industry. He said the Labor Government's decision to cut tariffs had severely affected the comhad severely affected the com-pany's ability to compete with its international rivals.

Mr Alan Bond, one of Australia's best-known entre-preneurs, added his voice yesterday by calling on the Government to slash taxes and legislate ogainst labour dismites in order to reproduct disputes in order to promote investment and enhance

Without an appreciation of Australia's serious predicament from Government and unions he would turn away from the promise still held by the country, he told an international conference on trade and investment in the Asia-Pacific region. This followed controversial remarks last month by Mr John Elliott, head of Elders IXI, who snggested it was currently not worth investing in Australia.

#### **Bombay SE** expected to reopen today

AGREEMENT has been AGREEMENT has been reached between Indian tax authorities and representatives of the Bombay Stock Exchange, India's largest which should enable dealings to resume today following the seizure of share certificates during radis on II stock-ballets last meet the

# First-half reverse for Kyocera

BY OUR TOKYO STAFF

KYOCERA, the dominant Japanese maker of integrated circuit ceramics, yesterday reported 2 38.9 per cent fall in pre-tax profits to Y15.41bn (\$94.7m) in the first haif to September 1986.

Net profits fell 36.7 per cent to Y7.04bn. However, Kyocera is to maintain its interim dividend at Y22 a share.

Half year sales dipped 6.9 per cent to Y119.38bn, with exports affected by the yen's appreciation. Stiffer competi-

dominant tion also resulted in a drop Kyocera is counting on a sales integrated in sales of optical precision increase in electronic and sterday recept for 8mm optical equipment as semiconent fall in format video cassette recorders, dictor components and

format video cassette recorders.
However, its sales of non-chip electronics parts fared well, supported by solid demand for thermal printer heads and amorphous silicon drums.

The company has chosen not to hedge overseas contracts in the forward exchange market, and the rise in the yen thus trimmed Y17.4bn from its sales.

For the second half-year,

#### Sasebo falls into the red at halfway stage

By Our Tokyo Staff

brand

TOTAL CONTRACTOR OF THE PARTY O

TEL TEMPT F gracie a les

a banker min

Lynth makes a finishy ven unes.

priess or lively

SASEBO Heavy Industries, one of the members of the troubled Knrushima Dockyard group, fell into pre-tax loss of Y1.35bn (\$8.3m) for the first half to September, compared with profits of Y840m in the 1985

It failed to receive a single new shipbuilding order, and had contracts cancelled on two vessels for the bankrupt Sanko. Steamship.
The net loss was Y18bn,

#### Fedfood cuts interim but sees improved profitability

BY JIM JONES IN JOHANNESBURG

FEDFOOD, the South African a total dividend of \$2 cents was food group, suffered materially from competition and low prices in the six months to September, and has cut its of Federale Volksbeleggings of Federale volksbeleggings of Federale volksbeleggings of the Sanlam insurance group.

interim dividend. But it expects trading conditions and profitability to improve in the second half of its current year.

Mr Josias Du Toit, the chief executive, says that strong competition and low prices in the frozen food sector had a materially adverse effect on the half-year's results.

of the Sanlam insurance group.

CNA-Galle, South Africa's largest distributor of hooks, records and stationery, continued to be affected by the country's recession during the first half of its current year. Neventheless, turnover increased, last year's profit decline has been reversed and the directors are cautiously

The net loss was Y1.8bn, against profits of Y440m.

With sluggish shipbuilding and ship repair work, sales plummeted by 47.1 per cent to Y22.18bn. Sales of securities brought gains amounting to X550m.

For the second half, Sassho expects a return to the black because of the delivery of a 240,000-tonne very large crude carriers.

Half-year's results.

First-half turnover increased to S229.2m) from K131.3m and the second-half Turnover rose to B148.6m in the six months to Setpember from K131.3m and the interim sing in economic activity doubled to R3.5m from R1.7m. Interim earnings increased to profitability is likely to improve and interim dividends have ever, the first half's earnings totalled 26.2 cents and second and that interim dividends have been reversed and the directors are cautiously outlined to R4.5m in Turnover rose to B148.6m in the six months to Setpember from K131.3m and the interim six mounts to E148.6m in the six months to Setpember from K131.3m and the interim should likely from K131.3m and the interim limited to R3.5m from R1.7m.

Should lielp Fedfood and that interim earnings increased to Profitability is likely to improve and interim dividends have ever, the first half's earnings totalled 26.2 cents and smaller ore carriers. from 35 cents and the interim earnings totaled 26.2 cents and full-year sales are projected dividend has been cut to 10 a single final dividend of 12 at Y64bn, down 10 per cent. cents from 12 cents. Last year cents was declared.

brokers last month.

# Steady growth by Japan's top drug groups

FOUR OF Japan's five leading pharmaceutical companies and development and advertise achieved double digit growth in pre-tax profits for the first half-year to September, benefiting from newly introduced ethical drugs fared well and chemical products.

Daiichi Seiyaku's earnings that up 77 per cent due largely to strong performance of hypertension and cancer. Eizai agent which was also did well with newly introduced drugs for hrouchial agent which was also did well with newly introduced drugs for hrouchial sample of the sector was helped by the year's

imported materials where the sector was helped by the yen's appreciation.

This was despite cuts by the Ministry of Health and Welfare in official drug prices by 5.1 per cent in April this year, bringing price reductions in the past five years to as much as 50 per cent.

Takeda Chemical, the largest, was also the only company to report a flat pre-tax result

PHARMACEUTICAL RESULTS

24.72 13.44 4.87 5.24 5.32 4.39 3.27

a Y4bn favourable effect from the yen's appreciation as it depends heavily on imported raw materials. Fullsawa drew strength from a streamlinng of

For the second half-year to March 1987, all six expect improved profits and sales. The extent of these will, however, depend largely on new drugs developed in-house.

Foreign&Colonial

#### Australian 19% before write-down

ICI AUSTRALIA yesterday reported a 19 per cent net profit increase to A569.28m (US\$44.5m) in the year to September. The chemicals and plastics group, which is 62.4 per cent owned by ICI of the UK, has forecast further sales and earnings growth in the current year.

reflecting write-downs at an ethylene plant—which left the

ethylene plant—which left the attributable result 48 per cent lower at A\$32.63m.
The annual dividend has been held at 16 cents a share with a final payoot of 9 cents. Mr Chris Hampson, the managing director, took the opportunity to criticise the Australian Government's attitude to the local chemicals industry.

competitiveness, writes Chris Sherwell in Perth

By R. C. Murthy in Bombay

An intervention by Mr V. P. Singh, the Finance Minister,

has secured the release of impounded scrip, for which the tax efficials have agreed to accept bank guarantees and pledges of property as security covering about half the paper involved.

# **OUTOKUMPU OY** U.S.\$30,000,000

Salomon Brothers International Limited

Goldman Sachs International Corp.

**Credit Suisse First Boston Limited** 

NEW ISSUE

Deutsche Bank Capital Markets Limited

9 per cent. Bonds due 1991

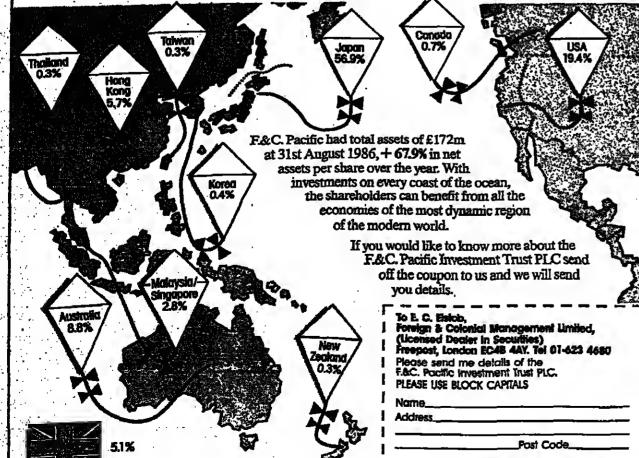
Issue Price 1071/2 per cent

Nomura International Limited

Toyo Trust International Limited

**Prudential-Bache Securities International** 

# F. & C. Pacific Investment Trust PLC



This announcement appears as a matter of record only.

**ECU Commercial Paper Program** 

ECU 200,000,000



CREDIT LYONNAIS NORTH AMERICA, INC.

Unconditionally Guaranteed by Credit Lyonnais Paris, France

initiated and structured this transaction and serve as dealer in connection with this program.

**PaineWebber** 

#### REORGANISATION BENEFITS FLOW THROUGH

# Metal Box improves to £38.6m

market's expectations yesterday with pre-tax profits for the half year to September of £38.6m, a jump of 24 per cent. Net profits were the highest for any six month period in the group's history.

The suspension of persion fund contributions helped profits by £3m. This was partly offset by £1.4m of reorganisa-tion and redundancy costs charged to operating profits. In previous years these costs had been charged below the line as

extraordinary items. The group said it could not The group said it could not foresee any major provisions for redundancy and rationalisation in the rest of the year.

Mr Brian Smith, group chairman, said: "The past twelve months have seen very real change in the company. Although tightening up the business never ceases, we believe tha major part of our rationalisation is behind us, end

Derek Crouch

price the company is capita-

the company's profit has been going ahead strongly, rising from £886,000 in 1983 to £3.12m in 1985. In the first half of 1986 it was £1.38m

(£1.31m).

The company said that a further amnouncement was expected as soon as possible, and meantime edvised shareholders to take no action.

BENNETT & FOUNTAIN: Acceptances have been received

for its offer for Godwin Electrical in respect of 9.8m.

shares or 93.9 per cent of the equity and the offer has been

declared unconditional, Bennett

acquire, com-

In the last couple of years

shares jump

on bid talks

Metal Box came up to the that we are now building on a products. "Our new ventures should be ready by next

weakness and the sale of the US can operation in March com-bined to reduce sterling sales by £24m, the group said. The can operation had made profits of US\$600,00 in the first half of the

Operating profits were up by 11 per cent to £44m, but would have been 19 per cent up on constant exchange rates, said Mr Murray Stuart, group finance director. Pre-tax profits would have been 33 per cent ahead on the same basis.

The tax charge was 24 per The tax charge was 24 per cent, against 25 per cent in the previous year. Mr Stuart said the group's effective UK tax rate was only 6 per cent, e level which he expected to be maintained for another three years. Mr Smith emphasised that the group's main hope for growth was in its new packaging Total

very secure base."

Group sales were down by aspect of our recent development," be said. are perhaps tha most satisfying autumn.

The group pointed to the 50/50 joint venture with the US aluminium group Alcos, now named the Genesis project. This involves the building of up to nine US plants making edvanced food packaging over the next four years, at a joint cost of \$200m (£141m). The first plant, costing \$16m,

SIX MONTHS' Food and drins

Mr Stuart said the venture was expected to generate annual sales at least equal to the \$200m investment cost. On a projected margin of between 12 per cent and 15 per cent, this would give Metal Box annual profits of between \$12m and \$15m after a three-year start-up

However, the group said the joint venture to make PET cans in the US had run into environmental opposition. There was likely to he a aubstantial holdup, affifecting the development of the project around the world. Even so, the group's investment of \$4m in the venture made it much less important than the Genesis project.

Earnings per share for the six months were up 35 per cent to 10.1p, and the interim dividend was raised by 11 per cent to 1.7p net. The shares fell 2p to 175p.

# Staveley in £7m US expansion

Staveley Industries yesterday announced plans to extend its presence in the US weighing of the deal, and the balance will components industry by taking be paid out of its own resources.

Staveley will make resources. Staveley is advised by Hill samuel, and the vendor placing is through Cazenove. An approach that could lead An approach that could lead to a full-scale bid sent the shares of Derek Crouch up 25p at one time yesterday. At the close they had eased to 193p for a rise of 18p. presence in the US weighing of the deal, and the balance will components industry by taking a 51 per cent stake in Minnesota-based Weigh-Tronix, for an initial \$10.4m (£7.3m), which it will merge with its existing US electronic weighing substituting, NCL Staveley has arranged a vendor placing gof 1.6m new shares (9.7 per cent of its and NCI are \$42m and combined siles in the last financial year, as a and NCI are \$42m and combined rises. The company is based in Peterborough and is engaged recembrough and is engaged in civil engineering and open cast mining. The approach confirms recent market talk of a bld and at yesterday's

#### **Charles Baynes in talks**

Charles Raynes, the linen rental and property develop-ment group, is negotiating an injection of assets into the company in return for a 29.9 per cent stake in its enlarged

The new shares would be at about the current market price, the company said yesterday. Its shares rose 9p to

Baynes has been ective in buying and selling husinesses over the past year paying £300,000 for Stoneguard, a stone

ber and selling three property services companies for £300,000 in February 1986.

SUTER, through its subsidiary Clearpas, has acquired from the receiver the business, including fixed assets, stocks and goodwill, of the Magnatex group of companies which manufactures parts for the motor industry, principally injection moulded plastic components.

Approach to Ford & Weston

Bowmer and Kirkland, the unlisted construction group, has made a hid epproach to Ford and Weston, the huilding con-tractor and shopfitter which came to the USM last June.

Bowmer said it wanted to negotiate a recommended offer for Ford, which made a pre-tax profit of £254,000 on turnover of £18.49m in the 26 weeks

Ford's shares were unchanged at 80p yesterday, valuing the company et £7,07m.

This advertisement is published by J. Henry Schroder Wagg & Co. Limited on behalf of IEP (UK) PLC.

The Directors of IEP (UK) PLC are the persons responsible for the information contained in this advertisement. To the best of the knowledge and belief of the Directors of IEP (UK) PLC (who have taken all reasonable care to ensure that such is the case) the information contained in this advertisement is in accordance with the facts and does not omit anything likely to affect the import of such information. Each Director of IEP (UK) PLC accepts responsibility



Cash Offer

Ocean Transport & Trading plc

Value of our offer:

Ocean share price:

251p

IEP (UK) PLC has purchased 29.96 per cent.

of Ocean's shares

Final closing date of our offer:

Friday 21 November 1986

\*The Increased Offer is final, will not be increased and will remain open until 1.00 p.m. on Friday 21 November 1986 unless it has become or been declared unconditional as to acceptances by then. IEP (UK) PLC reserves the right to extend the Increased Offer until 1.00 p.m. on 23 November 1986 and to revise or increase or extend the Increased Offer in the event of a competitive situation arising or of securing the recommendation of the Ocean directors. † IEP Securities

The Ocean share price is the closing price at 3.30 p.m. on Tuesday 18 November 1986.

# IEP Securities Limited owns 27.1 per cent. and has agreed to purchase a further 2.86 per cent.

#### **Brierley** builds up stake in OT & T

IEP (UK), an investment company run by Mr Ron Brierley, has increased its stake in Ocean Transport & Trading to just under 30 per cent by purchasing a further 7.24m shares over the last two days.

At the end of August, IEP hid 225p a share for OT&T valuing it at £238m. In mid-October the offer was increased and made final at 260p which values OT&T at £258m. The offer closes on Friday and acceptances so far amount to only 0.2 per cent of Ocean's shares.

Including the cost of the 9.8 per cent of OT&T that IEP owned before the bid was made, Mr Erierley has spent some £82m, tha equivalent of 238p a share, in building up the stake in the freight forwarding, fuel distribution, shipping, storage and waste

Last week OT&T wrote to shareholders asking them to reject the IEP offer as inadequata and said that Mr Brierley was attempting to acquire the group and its assets cheaply.

OT&T closed last night unchanged at 251p.

#### **EPIC** purchase

Estates Property Investment Company (EPIC) is to acquire a portfolio of ware-housing units for £6.58m. The current aunual income receivable from the proper-ties, all of which are fully let, is £777,765 per amium, on the basis of which the purchase price represents a yield of 11.8 per cent (before ecquisi-

The acquisition will be financed by the issue of 4.16m new ordinary 25p shares in EPIC. These shares are to be placed on behalf of the vendors with institutional and other investors et 158p per

#### British Dredging

British Dredging has sold for £2.08m its 50 per cent interest in Bristol Sand and Gravel Co., together with a freehold wharf and crane at Bristol, which were rented from BD by Bristol Sand.

The purchaser is Arc Ltd, which has also acquired Holms Sand and Gravel Co. (1985)—owner of the remaining 50 per cent of Bristol

#### **Backing for Skillion**

TR Property Investment Trust has acquired a 20 per and will provide further finance by becoming an equity partici-pant in individual projects. The major part of Skillion's equity is retained by Mr Ric Hawley, chairman and manag-ing director. Skillion will by ing director. Skillion will by-pass the USM and go for e full listing at the earliest oppor-

Skillion has specialised in setting up a chain of business centres, together with residential developments for sale.

#### **Hammerson Property**

Traders Associates, part wheel by the Canadian subsidiary of the Hammerson Property Investment and Derelopment Corporation, has sold industrial and commercial land in Mississuaga for \$44m (£30m). The sale is in accordance with erson's stated long-term aim to concentrate on investdevelopment properties.

# LIG pledges funds for AIDS research as profits rise 16%

London International Group (LIG) yesterday announced 16 per cent increase in pre-tax profits to £12.2m for the six months to September 30 and said that it was allocating substantial additional resources to research and education about protection against acquired immune deficiency syndrome (Aids).

The consumer products and services group is the world leader in the manufacture of condoms, the use of which is being promoted by governments and health agencies to prevent the transmission of the virus which is believed to cause the deadly disease.

deadly disease.

Despite widespread publicity, sales of condons by Schmid Laboratories, LIG's North American subsidiary, had only recently begun to show a modest increase. In the UK, where LIG has more than 90 per cent of the condom market, there had been no significant rise in sales, the company said. LIG would i ncrease its annual research spending by an amount "into six figures," Mr Alan Woltz, chairman and chief Alan wortz, enarman and chier executive, said yesterday. It was co-operating with the Govern-ment on the "rapid provision of information."

Its research will include



elinical tests of possible anti-viral agents to be added to spermicides. It is test market-ing in the Netherlands a thicker condom, developed at the request of the country's AIDS co-ordination committee, primarily for use by homo-

LIG lifted interim pre-tax profits to £12.2m (£10.5m) on turnover that was 15 per cent ahead to £128.9m (£112.2m).

The company's full - year

sion fund contributions as extra-

WCRS, formerly Wight Col-lins Rutherford Scott (Hold-ings), was formed in 1979 and

was the first British agency to ohtain a USM quote. It moved to e full listing in September

It made its first major ecquisition (Biss Lancaster) in

1985 and has since expanded rapidly in the UK and the US.

results will show an extraordinary gain of about £8m, before tax and expenses, on shares in Wedgwood bought before LIG launched an abortive hid for the fine china group. LIG com-mitted the shares to Water-ford Glass's eventual agreed takeover of Wedgwood after its Monopolies and Mergers Com-

Profits fell at Royal Worcester Spode, the fine china division. Increased sales in North America, as e result of more competitive pricing, failed to offset the UK downturn which followed the fall in US tourism. Nevertheless, home products and services increased profits to \$6.9m (£6.4m) on turnover of £66.5m (£57.2m). The Colour-Care photographic business made a strong contribution, which would increase in the

second half with the integration of further acquisitions. Tighter cost controls belied to boost health and personal products profits by 21 per cent

products profits by \$1 per cent to £6.3m (£5.2m) on sales of £62.4m (£5.5.0m).

The company is recommending an interim dividend of 1.75p (1.50p), an increase matching the 17 per cent rise in earnings per share to 6.16p (5.25p). See Lex

#### WCRS surges to £3.5m and makes further acquisition

WCRS SURGES TO £3.5M AND high-profile and creative agen-MAKES FURTHER aveculation cies, each billing close to \$300m. WCRS Group, the UK's second [£211m]. Consideration for the acquisi-tion of Sighart Hoad, will be nications concern, yesterday tion of Siebert Head will be revealed that its profits for the £1.26m, half of which will be first half of the 1936-87 year had satisfied in cash and half in surged to £3.47m at the pre-tax WCRS ordinary shares and a reel. debenture to secure further That was an improvement of consideration of up to £2.1m

533 per cent over last time's payable over the period to end-£547,000 and some £854,000 April 1989 depending on profits. ahead of the figures returned At March 31, 1986 Siebert ahead of the figures returned for the whole of the previous Head had net assets of £85,000 year.

It was also announced that date were £213,000 before pen-

ment reflected a continuance of rapid organic growth and the impact of UK and US acquisitions in recent months.

He fully expected each of the

operating companies to continue their strong organic growth during the second six months and at the same time was hope-ful that WCRS would continue its expansion internationally and into further marketing ser-

The interim figures (to October 31 1986) included only four months' contribution from HBM Creamer and FCO and only one month's contribution from Della Femina Travisano & Partners and Saunders Design. Group turnover for the opening half-year jumped from £25.83m to £143.47m. Tax accounted for £1.39m (£0.23m) and left net profits at £2.98m, np from £0.32m last time.

Earnings worked through at 14.64p (3.55p) per 10p share and the interim dividend is being stepped up by 0.6p to 1.85p net on the capital en-larged by last June's rights

In the US, which now eccounts for the majority of group profits, the directors have decided to run the Della Femina and HBM Creamer advertising agencies as separate
and competing groups. Offices
in New York, however, are
being merged under the Della
Femina Travisano name.
Mr Wight said that once the

merger had been completed, the group would have two strong,

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any securities in.

McJuerney Properties PLC ("McJuerney Properties").

Permission has been granted by the Council of The Stock Exchange for the entire ispeed share capital of McJuerney Properties to be admitted to the Official List.



#### **McInemey Properties PLC**

(Registered in Eire No. 20561)

Introduction to the Official List

SHARE CAPITAL Authorised IR£2,040,000 Ordinary shares of IR10p each IR£1,291,791

McInerney Properties principal trading activities include the construction of Private and Local Authority houses in the U.K. and Ireland, together with Civil Engineering work. The Group is also involved in Property and Leisure Developments in Ireland, the U.K. and Portugal. Its Associated Companies are involved with Construction and Spacemaker manufacturing in Qatar, Bahrain, Saudi Arabia and Oman. McInerney Properties has previously been listed on The Stock Exchange Dublin.

Stockbrokers to the introduction

#### COUNTY SECURITIES

Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2ES

#### Two acquisitions by Merchants' Warehousing

Dublin-based grain discharge and storage group, Yesterday announced plans to acquire two unquoted companies in a move which would substantially enlarge its activities.

DITY!

The company's shares were suspended at its own request at 65p yesterday to value it at IE3.9m (£3.7m). It has approached its major

shareholders to seek their backing for the deat. They include R & H Hall with \$2.77 per cent, N Barnett Group with 24.44 per cent and WP & RO Holdings with 10.37 per cent.

#### Lee Ming Tee lifts Aitken Hume stake

Lee Ming Tee Group, an investment and financial services company controlled by a Malaysian businessman of the The group's shares closed at 540p yesterday, a rise of 7p on the day. They were 239p earlier this year.

## Norway's COMMERCIAL BANK

Union Bank of Norway is one of the four leading Norwegian banks. We provide a complete range of banking and financial services to domestic and foreign clients in service, hi-tech and heavy industries. These include loan and overdraft facilities, money transfers, foreign exchange, securities trading and custodial services both for companies and for individuals. Our treasury capability includes fully automated cash-management and on-line information systems linking direct to the customer's own computer.

Please contact Terje D. Skullerud in Norway. Tel: (472) 31 90 50. Telex: 19470 UBN BK. Union Bank of Norway is known domestically as ABC bank.

Also in Copenhagen, Helsinki, London, Luxembourg, New York and Stockholm.

# Union Bank of Norway

# SPONSORED SECURITIES

42 2my Technologies ..... 75 CCL Ordinary ..... 86 CCL 11pc Conv. Pf. ... 83 Carborundum 7.5pc Pf. 83 20 Fraderick Parker Group 2212 20 Ind. Precision Castings 93x6 — 93x6 — 153 lels Group — 153 + 1 101 Jackson Group — 129x9 — 28 Scruttons "A" 38 320 Trevian Holdings ...... 350
25 Unificial Holdings (SE) 77
47 Watter Alexander ...... 102 225 180 W. C. Yoston 98 67 W. Yorks. I. H. (USM)

Granville Davies Coleman Limited 27 Lovar Lane, London EC3R SDT Telephone 01-621 1212 Member of the Stock Exchange

Gratville & Company Limited 8 Lova: Lane, London EC3R &BP Telephone 01-621 1212

Roth

# LCAH prefers MAI bid but supports rival

BY CLAY HARRIS

ment group
It could not risk, however, a
rejection of the Piccadilly deal,
which it has already recommended, only to find the MAI
bid blocked by a reference to
the Monopolies and Mergers
Commission

"We don't want to fall between two stools," Kleinwort Benson, LCAH's advisers, said The Office of Fair Trading, meanwhile, confirmed that it had promised to give a recommendation on the proposed merger within two weeks if it received an official submission from MAL MAI and LCAH would have a combined 44 per cent share of wedd.

) acquisitio Merchanic rehousing

ants Warehouse the control of the co

· Ithree

Company & Cal

\_FP:::02:46 2: Total Control

": 050 7 M3 4

Ming Teel en Hame #

3:3km = t

is one of the TOTAL B CIE

min wir

London & Continental Advertising Holdings, the outdoor poster group, yesterday welcomed in principle the £28.3m takeover bid from MAI but nevertheless urged its shareholders to approve a rival rescue plan on Friday.

LCAH made clear that it preferred the 120p per share cash bid from MAI, the financial services group, which also operates in the poster business as Mills & Allen to a rights issue at 110p which would raise £7.4m and give a 29.9 per cent stake and management control to Piccadilly House, an investment group

It could not risk, however, a rejection of the Piccadilly deal, which it has already recommended, only to find the MAI bid blocked by a reference to the Monopolies and Mergers Commission.

"We don't work to find the MAI but to consider the postification of the Piccadilly deal, which it has already recommended only to find the MAI bid blocked by a reference to the Monopolies and Mergers Commission.

"We don't work to find the MAI but to close to 30 per cent by selling group. Further disposals are under consideration.

MAI said yesterday that it to 24.6 per cent and again urged the defeat of the Piccadilly deal. Although MAI's offer bas left open the possibility of proceeding even if the rival plan goes through, Mr Clive Hollick, managing director, said yesterday: "Our mind at the moment is focussed on getting it voted down."

MAI has offered to underwrite a rights issue at 120p to give LCAH, which lost £1.36m before tax in the first half of this year, an immediate £8.1m cash injection. LCAH warned

this year, an immediate £8.1m cash injection. LCAH warned yesterday, however, that the rights issue alone "could be a merger situation qualifying for investigation."

#### **Tomkins** sells Pegler subsidiary for £5.3m

By David Goodhart

F. H. Tomkins has sold for £5.3m a subsidiary of Pegler-Hattersley, the valve company it acquired last June for £190m. The company, Para-gon Piastles, has been sold to Polypipe, the plastic plumb-

to Polypipe, the plastic plumbing systems conern
Tomkins, which has no
other plastic interests, said it
had no plans for further dispesals of Fegler businesses.
Since the takeover it has
closed one other Pegler company, J. J. Braimbridge, a
scrap metal merchant, and removed more than 30 senior moved more than 30 senior

moved more than 30 senior managers.

In the year ended March 1986 Paragon achieved pretax profits of £47,000 on a turnover of £7.3m.

Polypipe is paying for the company through the issue of £5.3m are being placed by Panmure Gordon at 157.5p per share. Polypipe also announced the acquisition of Procell—another plastics company based in Kent—for for £1.5m.

Polypipe, which turned in

for £1.6m.

Polypipe, which turned in pre-tax profits of £2.15m for the year to June 30 1986, said that its first acquisitions would broaden its customer base and enlarge its product

# Debron spends £66m cash in US on first acquisition

Debron Investments is acquiring for \$95m (£66m) in cash of Carpets International, Mr ditional.

At the time of the disposal and its offer becoming unconditions of Carpets International, Mr ditional.

Ray Anderson, Debron's chairman of International and its offer becoming unconditions.

Debron will be financing the disposal ditional.

Debron will be financing to financing the disposal ditional. was formerly known as Carpets International.

Debron believes that Guilford's business will dovetail into that of Interface Flooring Sys-tems, its only remaining significant investment and its principle shareholder.

Services stated that John Howard Groop being put into tha hands of the receiver has meant the possibility of a bad debt provision for 1986 of up to

**Ramco Oil Services** 

faces £0.7m bad debt

Guilford generated turnover of \$74m and pre-tax profits of \$13m in the year to March 1986. In view of Guilford's size relative to Debron, Debron's shares were suspended yesterday up 2p et 50p, giving it a market capitalisation of £20m, pending shareholder approval

#### **Berkeley** acceptances

Additionally, £1.4m is being

provided by Interface Overseas' recent exercise of options over

Debron intends after the acquisition is completed to raise

additional equity finance amounting to about £17m

energy group, won acceptances from just 0.1 per cent of the shareholders of Berkeley Exploration to its original film takeover bid. Together with shares owned before the bid or acquired since, this took the Ranger stake to 34.3 per cent. THE directors of Ramco Oil resolving the situation and had secured two major contracts with Total Oil Marine and McDermott Scotland. The directors said the company continues to operate within an extremely difficult stantial contracts for Howard and directors said that this "unexpected development has been a litter blow."

Since the receivership was announced in September, Ramco had been committed to within an extremely difficult environment. However, they believed that it had secured a positive position which would significantly reduce the burtrading position had been trading position had been improving and directors said it would continue to do so for the remainder of 1986. Clyde Petroleum, a UK indeciyde Petroleum, a U.A. inuc-pendent oil group, has since made an agreed offer worth film for Berkeley, but Ranger returned with a second offer worth £15.1m last Friday. Berkeley's shares fell 2p to 63p

'would cost £7.6m'

**Norton bid success** 

dale which represents 60 per cent of shareholders funds according to the offer document of the rival bid from the

management buy-out team.
The buy-out team states that Norton's gearing is already 79 per cent and that the value of its shares would be vulnerable in the event of a McCorquodale

tween Norton and McCorquodale would cause serious damage to McCorquodale's security and legal printing

Norton Open would have to group, since 30 of the senior bear costs of £7.6m if it succeeds in its bid for McCorquo- have personally backe the rival

offer," it states.
It is also revealed, for the first time, that Mr Michael Stoddard, chairman of Electra Investment Trust, one of the main backers of the management offer, would become non-executive chairnan of McCorquodale if the buy-out

was successful. The Norton bid reaches its ake-over.

It adds that a merger beauces of that offer—of 303p per share in cash and 310p in lamage to McCorquodale's cent then it is clear that the security and legal printing

The document also points to the commitment of McCorqoodale's senior staff to the buy-out.

"It is extremely unlikely that Norton Opax can better motivate McCorquodale's management, which is responsible for the present success of the cent.

"It is extremely unlikely that McCorquodale, and Norton Opax wall who holds 32 per cent of water McCorquodale and Norton Opax bas avoided the possibility of stalemate in the event of Morton not achieving the 50 per tent.

#### COMPANY NEWS IN BRIEF

ELAN CORPORATION (pharmaceuticals): Turnover 123.2m (£3m) np from 1£2.7m, operating profits 1£426.000 (£406.000) year of record earnings. ACSIS JEWELLERY incurred 1986. Unfunded R and D expenses 1£291.000 (£304.000) £480.000 (£348.000) for the six part of the six profit of the six

and investment income months to July 31 1988, on 1£606,000 (£118,000). Net profits turnover of £1.81m (£1.46m). 1£692,000 (£212,000). Earnings Loss per share was 9.44p

#### **Outwich unveils plans** for partial unitisation

unveiled plans for the partial unitisation of its £120m porifolio and for the creation of a new investment trust.

The proposals stem from the desire of Baring Brothers, the merchant bank, to cash in its £20m stake in Outwich and use the money in its mainstream business. Barings itself owns 19.6 per cent of the Outwich

Under the proposals, Outwich Under the proposals, Outwich shareholders are being offered \$35p worth of units in a selection of five Baring unit trusts plus one ordinary share in the new Stratton investment trust valued at 95p, for every four Outwich shares held.

The offer is worth 232.5p per Outwich share and is approxim-

Outwich Investment Trust has ately 96.7 per cent of present net asset value. Interim figures of Outwich show earnings up from £1.18m to £1.34m for the half year to September 30, 1986, representing 2.66p (2.33p) per share. The interim dividend is 1.2p (1.1p).

> Bestwood raises its holding in Buckley

Bestwood, the investment and property services group, has increased its holding in Buckley's Brewery, the Llanelli-based drinks company, to 21,97 per cent. It also disclosed a 25.31 per cent stake in John Perkins Meats, the USM-listed wholesaler based in Taunton

Date Corres Total

#### DIVIDENDS ANNOUNCED

	Current	of s	nown dive	r for	last
		payment.	September 1		
	T C+R	payment.	MLY.	Acat.	year
Abbeyerest2nd in	[ - 1-13+]			_	
B. Elliott	- L	_Feb 27_	1	-	3
Metal Boxint			1.53**	- 1	4.75**
MK Electriciut	3.7	Jan. 8	3.4		10.8:
Moran Tea	12.5	-	7.5	20	18.51
Oceana Consid.		_	1	1.1	1
Scottish Cities	. 19	_	17	26	23
Thames TVint	. 4	_		_	
WCRSint		. Jan. 7	1.25	-	4.25
Williamson Hidugs	10	_	20	20	20
Young & Co. Brew. int.	4		3.3	<u> </u>	7.3
Tripleinde shown in rie		tor orado	OWN DOWN	anh and	

Dividends shown in pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For 18 months. ¶ Makes 2.5p to date in respect of 16 months accounting period. \*\* Adjusted for share subdivision.



#### **Rothschilds International Money Funds**

The efficient alternative to a deposit account in any major currency.

lete and return this coupon to: Robin Fuller N M Rothschild Asset Manager O. Box 242, St. Julian's Court, St. Peter Port, Guerns el Islands, Telephone: Guernsey (0481) 26741.

NMROTHSCHILD ASSET MANAGEMENT



Sabah Development Bank Berhad

U.S.\$40,000,000 Floating Rate Notes due 1989

In accordance with the provisions of the Notes notice is hereby given that for the six month Interest Period from 19th November 1986 to 19th May 1987 the Notes will carry an Interest Rate of 6.3125% per annum. The Coupon amount payable on Notes of U.S.\$10,000 will be \$317.38.





# METAL BOX HAVE PACKED A LOT INTO SIX MONTHS

It has been a productive period for Metal Box since last April.

A period that has seen many of our packaging ideas come to fruition, the result of our decision to develop new markets using our technical expertise, product innovations and commitment to research and development.

Our 'Lamicon' squeezy bottle is now on the market, being used by major manufacturers of tomato ketchup. But perhaps more importantly for Metal Box is that Lamicon's potential is as great as the range of sauces that are available. A trip to any supermarket will confirm that.

Another of our products which opens up an equal number of possibilities is the PET "Beer Sphere'. Coming in three sizes, the Beer Sphere can hold anything from 10 litres to 30 litres of beer, cider or soft drinks. Its light and tough properties will help it go down well with the offlicence trade as well as with the clubs and wine bars and incidentally provides access to a new market for Metal Box, the on-trade.

In hardware and DIY shops the 'Polycan' plastic paint cans will be very much in evidence and soon consumers will also be seeing a lot of the new 'Lamipac' plastic processable food containers appearing on supermarket shelves in this country.

In the USA, construction has now started on the first 'Genesis' Packaging System plant in Pennsylvania. The joint venture with Alcoa will manufacture the new generation of high barrier plastic food packaging developed by the Metal

Sox research and development team.						
SUMMARY OF RESULTS	Six Months to 30th Sept 1986 Em	Six Months to 30th Sept 1983 Sin				
Turnover	565.6	569.3				
Trading Profit	46.9	41.4				
Interest (net)	(8.3)	(10.2)				
Profit before Taxation	38.6	31.2				
Earnings per 25p share	10.1p	7.5p				
Interim Dividend - net	1.70p	1,53p				

Extracts from the Chairman's statement: Profit before tax improved by 23.7%.

Earnings per 25p share rose by 34.7%.

We have also been active in our other key business sectors.

Stelrad, Europe's leading central heating subsidiary has extended its range by developing a high efficiency boiler that does not have to be fixed to an outside wall.

In Florida, USA, Clarke Checks, the Metal Box security printing operation, has opened up a new plant for producing cheque books. Clarke now has 15 plants in 10 states employing over

As you can see, we haven't been idle in the past six months. And we are strongly committed to even greater activity in the coming years.

The half year ended 30th September 1986 followed a year in which many changes were made to operations, organisation and strategy. It has been a period of developing our existing businesses, evaluating our future opportunities and achieving some growth. The Board believes that the strategies now being implemented, coupled with the benefits of the reshaping of recent years, provide the basis for further profitable growth.

A leaflet setting out the Interim Results and comments in more detail will be despatched shortly to the shareholders.

Interim Resi Metal Box p RG:	this coupon for a copy of the Metal Box ults and send it to: The Company Secretary Ic, Queens House, Forbury Road, Reading 1.3JH, or telephone: (0734) 581177. s will be available from November 25th 1986.
Name	<u> </u>
Address	
 	·



Metal Box p.l.c. Opening up the future From most of Europe's commercial

capitals, Georgia is merely hours

away on a direct flight. Our Harts-field International Airport is the

world's busiest, and it makes us

entire southeastern U.S.-which

investment in Georgia is also growing fast. During 1985, over

\$244 million in new investment

increase in just one year. More

ing 34,375 Georgia workers are

was announced here, a 100 percent

than 500 European firms employ-

successfully operating in our state

happens to be the fastest growing

And the amount of European

the transportation hub of the

region in America.

#### UK COMPANY NEWS

Nick Garnett considers the future of Simon Engineering

# Trying to polish a dull image

Eight Easy Ways To Get Your Business Into The U.S. you why selecting Georgia is such business with open arms. We haven't raised our corporate tax an easy business choice. rate since 1969. We've developed a one-step permit process that allows businesses to start building in as little as 90 days. We even have a Quick Start program that will train workers to meet your spe-

cific needs-at no cost. And the productivity growth rate of our work force is 36% higher than the U.S. average. Yet the cost of that labor is among the nation's lowest.

If your company would like to make its expansion into the U.S. marketplace as problem-free and profitable as possible, you need to take a close look at us. Just send in this coupon, and we'll show

For free information write to: Mr. John L. Turbiville, Managing Director, European Office; Mr. William L. Hulbert, Deputy Director, Georgia Department of Industry and Trade, Dept. FT, Square de Mecus, 20, 1040 Brussels, Belgium Rd. 32 2 512 81 85, 32 2 512 82 93.

The International State



The PHLX wishes to thank the international financial community for putting us over the top.

An unprecedented 1,000,000 contracts open interest in foreign currency options. This represents more than US \$30,000,000,000 in underlying value.

he Philadelphia Stock Exchange Stock Exchange Stock 1790

1900 Market Street, Philadelphia, PA 19103, Telephone: (215) 496-5165 or 1-800-THE PHLX Telex: 4761031 European Office: Basildon House, 7-11 Moorgate, London, EC2R 6AD, Telephone: 01-606-2348. Telex: 892735

DEEP INSIDE Simon Engineer-ing, the subject of a hostile £173m "buy-in" bid, directors have scratched their heads for some time over the overall shape of the group's business and the lack of zip to enliven

and the lack of zip to enliven its duli image.

The big difference between them and Mr Philip Ling who leads the City-backed consortium bidding for Simon is that they believe the present management and not Mr Ling are best placed to turn this head scratching into action, Mr Ling says they have had ample time to do it already.

In an interview only days before the unusual form of bid was announced earlier this

was announced earlier this month Mr Tim Leader, chief executive for just more than a year at the Stockport-based engineering groop was candid about some of the group's weaknesses.

weaknesses.

For one thing Simon, which employs 9,800 worldwide in a range of activities including designing and installing process plant, manufacturing lifting gear and storing chemicals, could be much more efficient. For another it had not handled the US market correctly.

Its total number of separate Its total number of separate companies at about 50 was too

many for a group turnover of 2540m and some of the principal businesses did not have good growth prospects.

This hard-headed view was

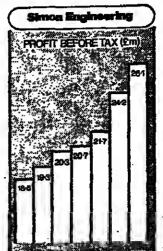
coopled with some reflections on the group's undoobted streogths, which are built on its highly-respected engineering skills and which have helped it to generate 14 years of unin-

to generate 14 years or unmiterrupted profits.

Yet there was no mistaking that Simon has not found it easy to find new furrows hig enough to plough profitably.

"Yes it needs a change of direction but I don't know what change yet," said Mr Leader, a former head of what is now Babcock Power who ran Simon's Babcock Power who ran Simon's process plant operations before slipping into the chief execu-tive's seat last year. The coopertium bid was not what he had

Simon divides its businesses



Simon has been very active buying and selling in the past 4 years but this has done almost nothing to simplify its structure

into three groups. Contracting, which accounted for 49 per cent of sales last year, includes designing, up to final commis-sioning of process plants mainly for chemicals, food and animal feed as well as a diverse range engineering companies. But it is also this mixture that much City criticism that of specialist plant. This group includes Drake and Scull purchased three years ago for \$22m which specialises in build-

ing services, including heating and ventilating, fire protection and industrial pioing. Manufacturing machinery generated 33 per cent of sales. It includes cereal milling equip-ment, vegetable oil and corrugated board production machinery, gearboxes and winches, waste water treatment plant, poultry processing, blast-furnace coal injection and bulk handling systems.

The balance of sales are devived from machaning and discountered and discountered

rived from marketing and dis-tributing chemicals, storing bulk liquids and oil services which include the supply of fluids and seismic exploration capabilities.

It is this missma of different activities that has allowed Simon to build profits steadily unspectacularly, from £2.6m

£26.1m last year and to ride the recession without the cata-strophies that befell some other

it is a rather sleepy formless it is a rather sleepy formless company that has bought into too many unrelated ectivities and that, rightly or wrongly, exudes an impression of a lack of direction from its 30-strong head office.

Simon has been very active Simon has been very active buying and seling in the past four years but this has done almost nothing to simplify its structure. During that period it has closed 10 operations and sold a further seven, a good deal of this in its activities overseas. But it has also acquired 15

companies, of which only two, Drake and Scull and Geo-Search Corporation in the US cost it more than £5m. Of the rest, 11 cost less than £1m.
Mr Leader, who was due to

get a new chairman next year in Mr Roy Roberts, managing director of GKN, says he is well aware of the management difficulties this plethora of rela-

tively small business causes.
One of Simon's solutions was to try to reduce the number of businesses to about 30 within the next 18 months, either by collapsing one company into another, selling or closing them The group has also become slowly more centralised with more performance monitoring

at Stockport.

Simon had seemed confident that the Access business, which produces equipment like self-propelled and trailer-mounted platforms, had good growth prospects as did engineering services. Mr Leader also believes that et some point engineering services and conengineering services and con-tracting should be merged into an international contracting

But one of the big problems exercising the minds of Simon directors before the unwelcome buy-in proposals was that storage and mentioning does not have any significant growth potential and neither did careal milling.

milling.

Any likely acquisitions, which would almost certainly have included a substantial divihave included a substantial divi-sion of another engineering-hased company, are now on the backburner while Simon mar-shalls its defence against Mr Ling. The difficulty Simon was having, though, in choosing can-didates has been all too evident. Mr Leader said two weeks ago that Simon was not really interested in more "smoke-stack" industries, would not

stack" industries, would not buy anything that makes less than £0.5m on sales of £5m to £20m and that overall there would probably be a shift to

more contracting rather than manufacturing. He revealed, however, that Simon has found it very difficult. Simon has found it very difficult to find potential purchases and that while he wanted the group to go through some spring-cleaning, there would be no selling of its birthright.

"If you look around at public companies, it is very hard to find a company you really want. We have to change direction sensibly with no great speed." But time is perhaps now not on Simon's side.

TSB CI

#### ISSUE NEWS

#### Spandex joins the unlisted market

Spander, which sells com-puter-aided sign-making equip-ment, yesterday joined the USM via a placing which values the company at £14.45m. Spander was founded ID years ago by Mr and Mrs Charles Dobson to exploit Mr Dobson's invention of modular latted sign systems. And it slatted sign systems. And it has continued to develop its

In 1983, however, it became involved in distributing com-puter-aided sign making equip-ment when Gerber, a US com-pany, appointed it UK distribupany, appointed it on distribu-tor for its "Graphix" Systems. Spandex now draws all the lettering and for alphabets that sell as slot-in circuit boards

for Graphix Systems. Spandex has recently squired the European rights (except France) to distribute Gerber's System 48, computer-aided equipment based on Graphix technology for cutting such materials as plastics timber, and metals.

In the year to end February, Graphix System X activities accounted for about 60 per cent of Spandex's turnover of £6m. Profits were £1.06m, a 47 per cent increase on the previous year, giving margins of 16.5 per

In the first balf of the current year, Spandar's turnover amounted to £4m and pre-tax profits £583,000. In the placing Spandex will release 8.5m shares, or 18 per cent of its equity, at 170p per share. It is sponsored by Stock

placing will generate for the directors, and for the company which will be used to fund its over-seas expansion, including part of the costs of purchasing its Dutch subsidiary. It will also pay for its new headquarters outside Bristol.

The company expects to pay a 2p per share net dividend in respect of the year to end February, 1987.

#### FS Ratcliffe

Approximately 85 per cent, or 1.01m shares, of the 1.18m FS Ratelific shares offered by way of rights were taken np.
The balance of 178,000 shares were sold in the market and the net excess over subscription price wil be distributed among the original allottees, except that amounts of less than 250p will be retained for the company's benefit.

#### BOARD MEETINGS

TODAY

me:—Avene, Sisck Arrow,
Investment Trust, John Foster,
Lyons, Jersey General Investrust, Lewmer, Lendon Trust,
y, Warnford Investments. TODAY

#### Fletcher King share price gives £12m value

related King, the commercial estate agent about to become only the second company of its kind to join the stock market, yesterday set a price on its shares which will pective price/earnings multiple of 15.3 after an estimated 36 per cent tax charge.

Some 2.3m shares, a third of the equity, are to be offered for sale by Lazard Brothers, the Broker to the issue is Caze and the prospectus will be pub

Unlike Baker Harris, which is primarily a City office agent, Fletcher King offers a range of services to clients throughout the UK. Apart from offering agency services for acquisitions

tax profits rising from £33,000 in 1982, when the company's performance was held back by a move to its present offices,

lished tomorrow.

TSB Channel Islands, the main-land banking group subsidiary which is seeking an independent quotation on the unlisted

securities market, announced yesterday that its offer for sale had closed oversubscribed.

Details of the level of subscription and basis of allocation are expected to be announced this afternoon.

CHEMICAL NEW YORK CORPORATION US\$300,000,000 FLOATING RATE SUBORDINATED CAPITAL NOTES DUE 1997 In accordance with the provisions of the notes, notice is hereby given that for the interest period from November 19th, 1986 to February 19th, 1987 the notes carry an interest rate of 6½ per

cent per annum.

The interest payable on the relevant Interest payment date February 19th, 1987 against coupon No. 8 will be US\$765.62 per US\$50,000 note.

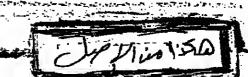


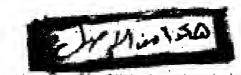
business centers, you expect the finest in hotel accommodations. Like so many travelers to the Gulf, you choose Sheraton. For key locations near commercial, government and shopping districts. For 24-hour room service, special executive services and the latest conference facilities, For superb dining and entertainment. For refreshing pools and health clubs. Sheraton hospitality and services are valuable resources on successful business trips. When you come to the Guif, come to Sheroton.

ABUDHABI, U.A.E., ABUDHABI SHERATON DOHA, QATAR, DOHA SHERATON HOTEL DUBA!, U.A.E., DUBA! SHERATON HOTEL KUWAIT CITY, KUWAIT, KUWAIT SHERATON HOTEL MANAMA, BAHRAIN, BAHRAIN SHERATON MUSCAT, OMAN, OMAN SHERATON HOTEL (NOW OPEN) RYADH, SAUDI ARABIA, ATALLAH SHERATON CALLTOLL-FREENTHEUK.

0800-35.35.35

Or your Trovel Agent
Subtle the U.K. cot your necest
Shelpon Hotel, Resenctions Office or
your broad-Agent.









# WHAT'S YOUR VIEW OF HECOMPUTER LEASING SECTOR?

Too dependent on IBM equipment	
Too small and too risky	
Too complicated to bear close analysis	
Possibly worth a second look	

In truth, computer leasing is a huge and growing business.

In 1985 alone, over £5 billion of IBM equipment was financed worldwide by independent leasing companies. Most of these computers were leased to the world's biggest users. To multinationals and to governments.

As major players in this expanding industry, we were recently rated the third largest independent computer lessor in the United States. In the United Kingdom we are a close-run second. And we are amongst the largest in Germany.

Last year we supplied over £200 million of IBM equipment to customers such as British Aerospace, E. F. Hutton, Hill Samuel Group and Ciba Geigy.

Many think that our business is complex. Maybe esoteric. But successful computer leasing is built on the same principles as any other business operation: customer service, on-going relationships and - most of all - repeat business.

We supply, plan, install and finance sophisticated computer systems designed specifically to meet the needs of our customers. We provide maintenance and disaster recovery facilities. We trade-in, upgrade and enhance machines. All these services give us a unique position in the market.

Next time you think about the computer leasing sector, think of United Leasing. A British company competing with the world's best-successfully.



United Leasing DC
14 Welbeck Street, London WIM 7PF. Tel: 01-935 7104.





PROPERTY SECURITY INVESTMENT TRUST p.Lc.

# **£50,000,000**

Sterling Commercial Paper Programme

County NatWest Capital Markets Limited

Issuing and Paying Agent National Westminster Bank PLC

# MK Electric back to growth with 7% rise

electronic connection, control, was performing well and and circuit protection equip. making a positive contribution ment. In the UK prospects remained good, the directors said, with activity expected to continue satisfactorily.

Overseas, no immediate im-

Its recently appointed invest-ment director, Mr Alan Frost, has been reviewing the whole investment set-up, ar is imple-menting a number of changes.

A new investment company

APPOINTMENTS

Abbey Life expands investment side

The new company intends to recruit four top flight fund directors/managers. Mr Frost feels that the flexible remunera-

to profits. Trend Control Systems, purchased earlier this

mK Electric returned to tended Gent's recently launched the Chancellor. First, the cut system 3400, advanced fire despender 27 1956. Turnover tection and alarm system, had the pre-tax profit showed a gain of 7 per cent, from £7.9m to the pre-tax profit showed a gain of 7 per cent, from £7.9m to the pre-tax profit showed a gain of 7 per cent, from £7.9m to the pre-tax profit showed a gain of 7 per cent, from £7.9m to the pre-tax profit into a rather more impressiva 19 per cent advance in earnings per short, and second, the prespects them.

of 7 per cent, from £7.8m to

SRAm.

Net operating costs were
nearly £5m higher at £57.5m from the refurbishment and
and there was net interest private housebuilding sectors.

Payable of £200,000, compared

Overseas, turnover and contributions of the process on bousing ings came to 14.4p (12.1p) and adverse economic conditions in the interim dividend stepped up

the traditional markets of the whole of the profits increase

Middle and Far East.

We sales benefited from share, and scource, the pre-tax profits them selves would be significantly for the pre-tax profits the whole of the profits increase is accounted for by the elimina-tion of losses in South Africa, the first-time contribution from Friedland and the sale of the shares acquired in the aboutive traditional markets, although that would be mitigated by the increasingly strong performance in the newer European and North American markets.

Development of new products continued to be e key strategy. The range of Powerlink products, the versatile high quality power distribution system, continued to be ex-

In conjunction with Abbey

Life's newly-appointed sales director, Mr Gary Jones, Mr Frost intends to significantly raise the group profile in the whole area of investment

To date, the overall invest-

ment performance of Abbey Life's funds has been adequate, but without any sustained

dominate performance.

products, the versatile high Comment any higher—bar, of course, the quality power distribution MK Electric has two good return of the perennial bld system, continued to be ex- reasons for being grateful to speculation.

B. Elliott £0.5m in profit midway

FOLLOWING A sharp recovery with export orders; the domestic in the second half of last year, demand for machine tools being B. Elliott, machine tool maker, low. mada a pre-tax profit of £542,000 in the six months to September 30 1986, against e £730,000 loss last time. Turnover rose 6 per

cent to £30.6m. Elliott said it was confident that it was well placed to enter a new phase of growth, but warned that the short term outlook was difficult to predict, with some signs of a fall in engineer-ing demand at home.

was being maintained, largely ment.

This low home demand had greatly reduced the contribution from the UK machine tool merchanting business which had little access to overseas markets. In addition, sales of its Japanese lines had affected by the strength of the Yen. Similar factors led to the merchanting company in Canada making e small loss.

Disposal of the loss-making The company's shares fell 5p machine tool operations by the South African group, coupled First-half earnings per 25p with the strong performance of share were 1.68p (4.25p losses) its stael business, transformed and the interim dividend is held at 1p net—last year a total of 3p was paid on £1.1im taxable profits.

South African group, coupled with the strong performance of its stael business, transformed earnings there. The company expected to be able to remit worthwhile dividends to the UK in the coming months.

An extraordinary charge of S478,000 this time related to the sale of the South African machine tool business and was after deducting the minority interest and release from the made, Elliott said.

The company of the purchases were made, Elliott said.

The company said losses had been eliminated at Butler panies which would further imNewall. The forward workload prove the balance of invest-

#### Firth reduces stake in Porter

G. M. FIRTH (HOLDINGS)
has sold 500,000 ordinary
shares, or 10.6 per cent, in
Porter Charleurs, engineering ducing new shareholders to
Porter Charleurs, engineering Porter. Firth considers that
equipment manufacturer, reducing its holding to 54.1 per
cent. Firth also own 800,000
Porter 8 per cent convertible
redeemable preference shares
(39.4 per cent). redeemable pref (39.4 per cent).

The buyer is Mr R. Dinkin with whom negotiations commenced in March. The consideration is £875,000, payable

In February, Firth placed with institutional investors, an element of its entitlement arising under Porter's rights issue of convertible preference

ment is issued in compliance with the requirements of the Council of The Stock Exchange

# SPANDEX PLC

(Incorporated in England and Wales under the Companies Acts 1948 to 1967 – No. 1266024)

Based in Bristol, the Company's principal business is the marketing and distribution of specialised computer-aided signmaking equipment, associated consumable meterials and accessories, and the manufacture, design end distribution of aluminium sign systems.

PLACING

#### STOCK BEECH & CO LIMITED

of [1,550,000] Ordinary Shares of 10p each at [170p] per share

10,000,000 Ordinary Shares of 10p each Issued and to be issued fully paid [8,489,000]

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the whole of the issued ordinary share capital of the Company on the Unlisted Securities Market. A proportion of the shares being placed are available to the public through the market. It is emphasised that no application has been made for these securities to be admitted to listing.

In accordance with the requirements of the Council of The Stock Exchange, Stock Beech will place a total of 387,500 Ordinary Shares being 25 per cent. of those being issued with Phillips & Drew, Capel-Cure Myers and County Securities Limited. Particulars relating to the Company are available in the Extel Statistical Services end copies

of the Placing Memnrandum mey be obtained during normal business hours on any weekday (Saturdays excepted) up to and including 4th December 1936 from:

Warnford Court, Throgmorton Street, **London EC2N 2AY** 

19th November 1986

Authorised

Stock Beech & Co Limited The Bristol & West Building, Broad Quey, Bristol BS1 4DD

75 Edmund Street. Birmingham B33HL

group finance director

Valin Pollen International

Abbey Life Group, a major life assurance and financial services group, is to greatly expand its investment operations.

Its recently appointed investment director, Mr Alan Frost, has been reviewing the whole

will be established—Abbey tion structure, salaries in the Life Investment Services. This £70,000 range, will attract and

director from January 1. Currently finance director of the UK subsidiary of Ridds Inc, Mr Lindsay was previously European financial controller of Alberto Orbett. From the same date VPTs current group Enance director, Mr Michael Horstead, will become deputy chairman of Valin Pollen International, in which role be will be able to devote more time to VPTs acquisition activities generally and more specifically, his role as chairman of MWB and a director of VPT&K and APT.

\*\*SOLAGLAS has appointed Mr Peter Balley to Solaglas Holdings main board. He joins as managing director of the projects division, and comes from Otis Elevator Co, where he was managing director of the projects division, and comes from Otis Elevator Co, where he was managing director of its subsidiary, Evans Litts.

\*\*NORUROS has appointed Mr NORUROS has appointed Mr NORUROS has appointed Mr NORUROS has appointed Mr NORUROS has appointed Mr Norum of the group since the early sixties. Since 1882 he has been a director of Bardon Concrete and Bardon (Building Suppolies).

Ms Joan Christmas has joined the board of LITTLEWOODS chain store division as marketing director. She was marketing director of H. Samuel — retail

From January 1 Ms Jan Murray will become secretary-general of the URANIUM INSTIgeneral of the UHANIOM INSTI-TUTE in succession to Mr Terence Price, who is retiring. She was assistant secretary-general. The Uranium Institute is the principal international forum of the civil nuclear fuel

Mr Rosnie Wilson has joined the board of CONTROL SECURI-TIES as an executive director in charge of acquisitions and developments. He was, until 1983, senior partner in Bell

SIMON ENGINEERING has appointed Mr Brian Newbury as

VALIN POLLEN INTERNATIONAL has eppointed Mr
National Liadsay as group finance director from January 1. Currently finance director of the UK
Thermal Industries.

NORCROS has appointed Mr E. W. Goold, formerly produc-tion director, as managing director of Norprint Inter-

Mr Robin Atkins, chairman of Riley Advertising, has been appointed to the holding com-pany board of REX STEWART & ASSOCIATES.

Following the recent reorganisation of NIVISON
CANTRADE, the new board consists of the following: Mr Gerrit
van Riemsdijk, charman; Mr
Christopher Lyttelten, chief
executive; Mr Geoff Chaplin,
Lord Chetwode, Mr Roger
Eddleston, Mr Teny Fisher, Mr
Bernard Lo M. Lawrence, Mr
Peter Rickett, Mr Tony Ward
and Mr Eigin Joos, directors.

Mr James Grover has been ap-pointed vice chairman of GUIDE-HOUSE INTERNATIONAL, e subsidiary of The Guidebouse Group. Other non-executive directors include Mr Paul van

COMMERCIAL INDUSTRIES (UK), which recently acquired Elemeta, has made the following appointments: chairman and chief executive Mr 'VIv' Davidson; managing director Mr Andrew Brown; and financial director Mr Brian Stewart.

Two men from BIS applied systems training division have been appointed divisional directors; Mr David Harris-White and Mr Peter Corthine.

The following appointments have been made in the investment department of EAGLE STAR: Mr N. J. D. Ames, chief investment manager; Mr R. K. Lehman and Mrs C. A. Ames, investment managers.

Following its recent acquisi-tion by Atochem, Polycol PVC will operate as the Polycol divi-sion of ATOCHEM UK. Mr David Gresham is appointed chief

executive in addition to his existing responsibilities. The existing management team of Mr David Johnston as marketing and sales manager. Mr Mike Ranson as technical manager, and Mr David Cox as production manager will remain. Mr Duncan Makin, former major shareholder and chairman of Polycol PVC, will be remaining as e consultant to Atochem UK.

BENSONS CRISPS has appointed Mr A. M. Fiddian as group finance director.

Mr Timothy M. H. Dalton, who until recently was financial con-troller of Blue Circle Industries, has joined ALLIED-LYONS as deputy treasurer. RUSH & TOMPKINS has appointed Mr Ian Richards as local construction director in the south east. He was director of Lovell Construction's northern

THE THROGMORTON
SECURED GROWTH TRUST
has eppointed Mr Brian Rout director.

Mr Faul Rorsley, with Hill
Samuel for the last 12 years in
London and New York, has
become chairman of HERBERT
DAWE, carbonated soft drinks
manufacturar. He has also taken
e controlling stake in the company.

Mr Kenneth J. Gilder has

Mr Kevia Cubbage has been appointed managing director of SFICE from Jamuary 1. He is chairman of the consumer products division of McKechnie and prior to that was managing director of Wilkinson Sword's home and garden division. Mr Gordon Spice, currently chairman and managing director of Spice, will continue as executive chairman. Mr Derek Spice, a non-executive director, and Mr Reger Henwood, management services director, have resigned to pursue other interests. Mr Kevin Cubbage has been to pursue other interests.

#### Senior changes at Racal subsidiaries Mr J. A. D. Timms has been

eppointed deputy chalrman of RACAL-BCC and Mr David Poole becomes managing director of Racal-BCC and Racal Cariton. Racal-BCC and Racal Carlton.
Mr Timms remains deputy
managing director of the Tactical
Radio Group. He was formerly
managing director of Racal-BCC
and Racal Carlton. In his new
post he will be organising a
method of international procurement for Racal Electronics until
his retirement in 1987. Mr Poole
was production director of RacalMobilcal.

COUNTY INVESTMENT MANAGEMENT, the NatWest investment bank group, has appointed Mr James R. Helbrock as assistant director, responsible for marketing to institutional clients based in Europe. He was director of City Consulting Group.

Mr Alan Mole is to take over as chairman of SHANDWICK COMMUNICATIONS. Mr Basil Towers succeeds Mr Mole as

Mr Remeth J. Gilder has joined the board of INSERTECH GROUP INVESTMENTS. He will have overall responsibility for Insertech, which includes the project engineering centre at Barton-on-Humber. He was a director of John Laing Internetional and John Laing Construction.

DOBSON PARK INDUSTRIES has eppointed Mr S. A. Greaves as e director of its mining division subsidiary company Herbert Cotterill. He is general manager of its Pinkton Works, Nottinghamshire.

#### **International Insider Publishing Company Limited**

incorporating



screeninsider

has been acquired by

**International Business** Communications (Holdings) plc



The undersigned assisted in the negotiations and acted as financial advisers to the shareholders of International Insider Publishing Company Limited in this transaction



ORION ROYAL BANK LIMITED

A member of The Royal Bank of Canada Group

September 1986



#### Towers & Co., Limited

a company owned by

Dalgety Crown Limited Southland Frozen Meat Limited Towers International Limited Waitaki International Limited

Wesfarmers Limited

**Farmers Meat Export Limited** 

has been acquired by

Hillsdown Holdings plc

The undersigned assisted in the negotiations end acted as financial advisers In the shareholders of Towers & Co., Limited in this transaction



**ORION ROYAL BANK LIMITED** 

A member of The Royal Bank of Canada Group

September 1986

#### Norway's FOREIGN EXCHANGE BANK

Union Bank of Norway is one of the biggest and most experienced participants in the Forex market with particular expertise in Scandinavian currencies.

We also offer a complete range of asset and liability management services. This includes currency options, financial futures and interest rate and currency swaps.

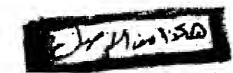
Please contact Bjørn Kaaber or Knut Grimsen in Norway. Tel: (472) 31 90 50. Telex: 19550 UBN FX. Union Bank of Norway is known domestically as ABC bank.

Also in Copenhagen, Helsinki, London, Lucembourg, New York and Stockholm.



EOF

1000



#### Financial Times Wednesday November 19 1986

#### UK COMPANY NEWS

## Increased revenue returns Thames TV to the black

day London ITV programme contractor, turned pre-tax losses of £3m into profits of £20.3m in the six months to September 30 1986. Turnover in the same period moved ahead from £81m to £105m-an increase of 30 per cent.

Mr Hugh Dundas, the Thames chairman, said that the results reflected not only the growth in the total advertising revenoe of the ITV companies but also a significant increase in the total advertising revenoe of the ITV companies but also a significant increase in the control of the total of the control of the total of the control of the total of the control of

Thames' share of that total. The increase in profits resulted in a significant increase in payments of Exchequer Levy, In the equivalent period last year Thames paid no levy; this time it contributed £5m. However, Mr Dundas added that changes in Exchequer Levy

English by the state of the sta

would further to

Company of the compan

Contract the state of

1

iden Parent T - Table 7000

or changes

diaries

D. Timms in the foreign of the first of the

of the man

MENT OF STA

acal

that changes in Exchequer Levy which came into effect from April 1 1986 would yield a net benefit to the company despite the extension of the charges to profits nn overseas sales. Currently the rate of levy on relevant UK profits has been reduced to 45 per cent while a least of 225 per cent while a levy of 22.5 per cent has intro-duced on profits from the distri-

Abbeyerest, the USM quoted producer of gold and silver jewellery, lifted its profit hy £93,000 to £381,000 in the six

mooths ended August 31, 1986. This gave a total of £1.01m

YEARLINGS-Interest rate for

this week's issue of local authority bonds is 11% per

cent, up it of a percentage

Thames Television, the weekizy London ITV programme rate of growth was slowing bigger proportion of turnover down from the exceptional than usual due to the drop in the circ months to Section 1. months of 1986.

Following the recent publication of the Peacock Committee report on the financing of the BBC, the Government is considering extending the franchises of the ITV companies, which are due to expire on December 31 1989.

Trading profits amounted to £15.5m (£2.3m losses) and are calculated after Thames' subscription of £14.3m (£13.7m) to the funding of Channel Four.

The extraordinary item of £502,000 (nil) was in respect of Thames' fiestation costs when it came to the main market in came to the main market in July and was accounted net of Exchequer Levy.

After tax of £3.8m (£973,000 credit), earnings per 25p ordinary share worked through at 13.32p (4.18 loss). The company declared an interim dividend of 4p—having forecast one of not less than 3p.

duced on profits from the distribution of programmes overseas.

Mr Dundas said that he expected full-year profits to be substantially ahead of those for the year 1985-86.

He added that the outlook for television advertising revenue revenues were up almost two-

profits resulted from the ex-pansion of all activities. A

pansion of all activities. A significant strengthening of the product range led to increased

penetration of the market for high volume, inexpensive

COMPANY NEWS IN BRIEF

ago, The bonds are issued at pre-packed hardware, DIY proper and are redeemable on November 25, 1987.

November 25, 1987.

A full list will be published removed.

OCEANA: CONSOLEDATED:

Dividend Lip net (lp) for year and gas explorer); pre-tax loss per share up almost 22 per centiculating dividend and interest months to June 30 1986. Sales from 243.8p to 297p in the six first proper and gas explorer); pre-tax loss from 243.8p to 297p in the six first proper and gas explorer); pre-tax loss from 243.8p to 297p in the six first proper and gas explorer); pre-tax loss from 243.8p to 297p in the six first proper and gas explorer); pre-tax loss from 243.8p to 297p in the six first proper and gas explorer); pre-tax loss from 243.8p to 297p in the six first proper and gas explorer); pre-tax loss from 243.8p to 297p in the six first proper and gas explorer); pre-tax loss from 243.8p to 297p in the six first proper and gas explorer); pre-tax loss from 243.8p to 297p in the six first proper and gas explorer); pre-tax loss from 243.8p to 297p in the six first proper and gas explorer); pre-tax loss from 243.8p to 297p in the six first proper and gas explorer); pre-tax loss from 243.8p to 297p in the six first proper and gas explorer); pre-tax loss from 243.8p to 297p in the six first proper and gas explorer); pre-tax loss from 243.8p to 297p in the six first proper and gas explorer); pre-tax loss from 243.8p to 297p in the six first proper and gas explorer); pre-tax loss from 243.8p to 297p in the six first proper and gas explorer); pre-tax loss from 243.8p to 297p in the six first proper and gas explorer); pre-tax loss from 243.8p to 297p in the six first proper and gas explorer); pre-tax loss from 243.8p to 297p in the six first proper and gas explorer); pre-tax loss from 243.8p to 297p in the six first proper and gas explorer); pre-tax loss from 243.8p to 297p in the six first proper and gas explorer); pre-tax loss from 243.8p to 297p in the six first proper and gas explorer); pre-tax loss from 243.8p to 297p in the six f

ing income £221,000 (£105,000), Operating expenses and pro- Net revenue moved ahead from and profit on sale of invest- duction tax £13,000 (£80,000). £2.6m to £3m.

Announce the opening

of their new London office at:

2-5 Warwick Court, London WC1R 5DJ

Telephone: 01-405 4581

Fax: 01-404 4166 DX: 474

London Managing Partner - Nigel Watkins

Birmingham Office: 10 Newhall Street, Birmingham B3 3LX

Telephone: 021-233 2001

The Options Exchange

in Amsterdam?

The Leader in Europe!

EUROPEAN

CHANGE

ties £6,000 (£7,000),

Abbeycrest growth continues

for the 12 months to that date in an accounting period running for 16 months to the end of 1986. In the comparative period the profit was £760,000.

Mr Michael Lever, chairman, sald the substantial growth in

point from last week, and compared with 11 per cent a year ago. The bonds are issued at pre-packed hardware, DIY propar and are redeemable on ducts and electrical goods,

overseas programme sales to £7m (from £11m). London now has 27 per cent of the national televisioo advertising spend and Thames, with 16.3 per cent, has won some share off LWT. However, last week's flurry of interest in the independent television sector looks to have been overdone in the case of Thames. While an American investor has a small (less than 2 per cent) stake, the company is hardly a bid target before 1989, when the committments of BET and Thern-Emi to the

IBA come to an end. However, the value to be placed on Thames' bidden reserves — its archive — is probably the decisive facter in persuading it decisive factor in persuading it to stay out of DBS and possibly Superchaonel as well. Thames may consider that Wertheim's \$80m valuation on the catalogue is "uninformed" (based as it is on multiplying by seven last year's £9m trading contribution from Themes Televisien International) but it is clearly countried that mare is to be gained vinced that more is to be gained at leas risk from an arms length relationship with the herdware end of the husiness. For the year £22m pre-tax pots the shares at 327p on a prospective

in the final four months.

Prodoct selection and order indications from major customers for 1987 also augured

Earnings for the 12 months came to 9.8p (7.2p) and the company has declared a second

interim dividend of 1.5p to make 2.5p to date—the directors

expect to recommend a final.

They have again waived divi-dends of £30,000.

penses £475,000 (£875,000), In-

(£300,000). Interest payable £357,000 (£662,000). Gain on

sale of Government Securitles £110,000. Tax £200,000 (£149,000). Loss per share 0.3p (1.4p)

receivable £450,000

(£574,000). Net production income £93,000

Earnings 3.4p (9.15p) after tax (£7,000). Administration ex-£109,000 (£233,000) and minori-nenses £475.000 (£875,000). In-

## at CML

Mr George Gurry, the chairman, said the results sup-ported his optimism that the group would achieve satisfac-tory growth in the current

Higher sales were recorded by each of the group's opera-ting companies and budgeted profits were in all cases met. Mr Gurry said the group's product and market development activities were all pro-ceeding well and significant, benefits from these were ex-pected to show through next

#### lower at £639,000

At profits against the after-tax level, came tn £433,000, £491,000 for 18

#### Tea price fall cuts Williamson profits

A drop in ten prices hit pre-tax profits at Williamson Ten Holdings and the com-pany reported an almost 82 per cent decrease from £19m to £3.5m in the year to June 30 1986. Turnover slumped

U.S. \$400,000,000 **BANQUE FRANÇAISE** 

Notes Due 1997 For the threa months November 19, 1986 to February 19, 1987 tha Notes will beer interest at 65/16% per annum. US\$161.32 will be payabla on Februery 19, 1987 per \$10,000 principal amount of

> I.G. INDEX FT for December 1,266-1,273 ( -9) Tel: 01-828 56899

#### Young **Brewery** disappoints with £2m

UNCHANGED midterm pro-Volume of £2.02m pre-tax at Young & Co's Brewery were described as disappointing by Mr John Young, the chair-

He pointed out that prices

in the company's pubs were generally much lower than its competitors, with a re-sulting sharp effect on profits at a time when beer sales were continuing to fall. were continuing to fall.

"We have also incurred some non-repetitive costs in the past six months, mainly in setting up our export drive is the US and in installing a new bottling line at the brewery," he stated.

Mr Young added, however, that the group was confident of reaping the henefits of its investment in the US and it was taking steps to strengthen was taking steps to strengthen its share of the take-home market in the UK.

For the six months ended September 30 1986 there is an interim dividend increased from 2.2n to 4n decimand.

from 3.3p to 4p—last year's final was 4p from pre-tax profits of £3.35m. Midway turnover rose from £19.61m to £21.34m while after tax of £707,000 (£811,000) earnings per shars were 10.11p (9.33p).

#### 33% advance **Microsystems**

CML Microsystems, a USM quoted maker of electronic devices, raised pre-tax profits by 33 per cent from £678,000 to £902,000 for the six months to September 30, 1986. Turnover increased 21 per cent to £3.42m.

year, First-half tax charge was £343,000 (£271,000) and after minorities, the attributable bulance came through shead from £372,000 to £524,000. Stated earnings per 10p share increased from 4.3p to 6.1p. As in previous years, there is no interim dividend,

## Moran Tea

As expected, Moran Tea Heldings, the tea estates, freight forwarding and property development concern, turned in reduced profits for the 12 months to June 30, 1986.

Pre-tax figures for the Pre-tax figures for the period came ont at £639,000, against £2m for the previous 18 months and a stated annualised £1.4m (uot 12/18ths of reported figures because Trans-Global shares were only acquired on July 5, 1934).

against £491,000 for 18 months and an annoalised £358,000. Stated earnings per £1 share increased in 92.74p (71.17p for 18 menths and 47.45p annualised).

A final dividend of 12.5p net is recommended making a total of 20p, against a forecast of not less than 15p. This compares with 12.32p on an annualised basis (18.5p for 18 months)—an increase of £2

months)—an increase of 62 per cent.

30 1986. Turnover sumped from £51.6m ts £32m.

The directors said the profits fall was as foreast but added that prospects for 1986-87 were encouraging.

Tax fell to £1.7m from £9.6m making earnings per £1. share of 47.54p (273.54p). The proposed final dividend is 10p (20p), making an unchanged

DU COMMERCE EXTERIEUR **Guaranteed Floating Rate** 

#### **GRAND METROPOLITAN HOTELS LIMITED**

(GRAND METROPOLITAN PLC)

US\$25,000,000 71/2% Bonds 1980/87 WE HEREBY GIVE NOTICE THAT, in accordance with the terms and conditions applicable to the above mentioned Bonds, Bonds having a prin-

cipal amount of US\$132,000 have been purchased by the company and accordingly Bonds for the principal amount of US\$2,868,000 have been drawn for redemption at par on 15th December, 1986

The following Bonds have been drawn and may be presented to Chemical Bank, 55 Water Street, New York or other Paying Agents named in the

Bonds surrendered for redemption must have attached coupon number 15 due on 15th December, 1987. Coupon number 14 due on 15th December, 1986 should be detached and collected in the usual manner. [Amount outstanding on 15th December, 1986: US\$3,000,000].

London, 19th November, 1986

**Grand Metropolitan PLC** 



## Queens Moat Houses PLC:

Placing of

22,500,000 Ordinary shares

to finance the acquisition of The Bilderberg Group

Financing and placing arranged by CAPEL-CURE MYERS

ANZ SECURITIES UK LTD

Members of The Stock Exchang

Member of the ANZ Group

Call us or write:

Telex 13473.

EOE, P.O.Box 19164,

1000 GD Amsterdam,

Telephone •31 20 262721,

#### Davy Corporation

## Surviving on natural caution

Tony Jackson explains the UK process plant group's faith in R & D

DAVY CORPORATION, Britain's biggest process plant engineer, seems to be on tha mend. Last week's announcement of a proposed \$200m deal with Standard Oil of the US cootrasts strongly with the dark days of 1983, when profits plunged from £20m to £6m, the dividend was halved and tha share price plunged to under 40p—a fifth of the level of two years before.

Davy's recent rehabilitation

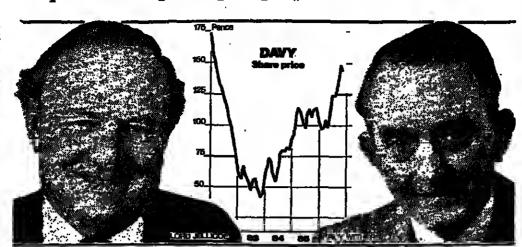
with investors began four months ago, with the announcement of full year profits back up to over £16m. The share price is now nudging 150p. This is 50p short of the 1981 peak, but then profits are also £10m short of the reason £20m. but then profits are also £10m short of the record £26m in

Davy has survived a particu-larly atrocious period for hig plant contractors. Petrochemi-cals, a big chunk of the group's business, are a fair sample of what has happened in most of Davy's markets, wildly optimis-tic overbuilding in the lata 1970s, a period of heavy losses by customers in the early 1980s. and the industry still more concerned with overcapacity than

with new investment.
Part of Davy's survival strategy was grimly familiar; from a peak in 1980 of 20,000, the group's employee total is now under 8,000. The financial cost was heavy, resulting in large net losses in both 1983 and 1984. The group has a traditioo. though, of cautious financial

crop up throughout Davy'a own account of its survival. The group has been careful, it as it does that Davy should argues, not to put all its eggs into one basket, in terms either costing an estimated \$200m, of industrial areas or of which will use technology developed in Davy's own research.

Roy Withers, Davy's vice chairman, says "no-one foresaw the quite astounding decline in process plant in the early insistence on in-house research, 1980s. But we maintained our The group as a whole spends interests in India, South East around £5m a year on R & D.
Asia, Australia and so on, precisely because we saw that you with the likes of ICI, Britain's



abla to do that because we'd set up our stall in China before

Peter Walte, head of the group's petroleum and chemicals business, says "Davy has always base of technology, and not being too exposed to any one area. So when the North Sea didn't fall with it. The group has had its disas-

ters, such as an olefins plant in the USSR which cost it over £14m in the early 1980s. But it was less involved than most in the mega-projects which characterised the late 1970s. Waite says: "Davy has not really gone for the low-margin management; tha year to March
1983, which saw a bottom-lina
loss of £14m, also finished with
the balance sheet showing net
cash and investments of over
£60m.

Caution and conservatism

loped in Davy's own research

Davy is unusual among pro-cess plant contractors in its

recondite chemicals—1,4 buta-nediol, gamma - butyrolactone and tetrahydrofuran—is derived from a research project which originated 15 years ago. Davy, Johnson Matthey and Union Carbide joined forces in 1971 to develop a cheaper way of making Oxo alcohols, used as plasticisers in making PVC.

The first plant to emerge The first plant to emerge from that project was built for Union Carbide in Puerto Rico in 1976. Twelve more have been built since, in the US, Sweden, West Germany, Poland, China, Japan and Korea.

Davy meanwhile carried on independent research in its UK laboratory at Stockton. The

chemistry is complex, but it would appear that the process threw off an unwanted by-product which the researchers worked at reclaiming. Tha resulting process, says Davy, turned out to lead to the chemicals involved in the Standard deal. They can now be made from the intermediate chemical maleic anhydride, which Standard can in turn produce cheaply using butane rather than the more expensive acetylene as a feedstock.

The Standard construction Asia, Australia and so on, pre-cisely because we saw that you can't foresee where activity will be strong, and you therefore need to think on a world basis. When Brazil and Iran were turning down, wa got 31 con-

As another Davy executive puts it: "Staying in R & D was sales and—since the licensing is to be exclusive to Standard The technology for the —the right to construct any Standard Oil project, involving future plants Standard may the manufacture of three rather build around the world using tha technology.

> Much of Davy's technolog has come through the acquisi-tion of companies, one of the best examples being the 1971 purchase of Zimmer. Zimmer specialises in plant design and the supply of proprietary equip-ment to the artificial fibre

industry.

For Waite this raises all sorts of optimistic ideas. "With Standard, we will have a chain which takes us from butane through to butanediol. Our Zimmer technology then takes us to PBT (polybutylene terephthalate), which is the route into engineering plastics. We then ought to be able to go on to PBT fibres, which should be the control of the particular to the state of the particular to th be very competitive with nylon fibres. There are various exit points along the route, all of which have commercial

Farmiloe of Macmillans, for example, has some expertise in this field. PR firms are good at advising ing that they are plant con-tractors pure and simple. The brochures, but usually flounder when full-scale book publication chairman Lord Jellicoe—like Waite, a relative new-comer to the company—sees it differently. "I wouldn't necessarily discard a joint venture or is wanted. Some literary agents (AP Watt; Jennifer Kavanagh;

the glassmaker, and Unilever, detergents and foods group. Their histories were written by Donald Coleman, Theo Barker and Charles Wilson, all economic historians of Cam-bridge, the London School of

significance, and all involving plant which Davy can supply and build." This might suggest Davy moving into new areas of activity. Most Davy executives -cautious as ever-demur, say-

> and Campbell, Thomson, McLaughlin are among the best) will advise on authors, but they are, of course, acting for the authors rather than the company. A new enterprise seeking to

IT TAKES about a generation Corporate histories for new ideas to become con-

ventional wisdom. In the 19th

Few chairmen and managing directors realise how organising

a company history can tie them up in knots. GEC, the electro-

nics group-despite commis-sioning distinguished authors and blue chip publishers— ended last year without its

planned centenary history. Others—from retailer Marks

and Spencer through Inchcape, the international trader, and

and Cambridge.

If the conversation with the favoured university historian "clicks," this method is fine, but it is difficult for a company

otherwise to get impartial pro-fessional advice. Publishers will

sometimes take on the task; Tim

years or more.

respectively,

#### century the number of limited liability companies grew only slowly after limited liability Limited liability legislation was first introduced in 1855. By 1885 there were still only 60 "limiteds" in domestic mannfacturing and offers a distribution quoted on the London Stock Exchange. Then growth was rapid: with 500 new public companies in two decades. Now—100 years after this boom in public quotations 1980s boom there is a wave of centenaries. and a wave of company bis-tories to celebrate them.

Leslie Hannah advises companies on literary approaches to their centenary celebrations

fill the gap started up last year trading as Debrett's Business History Research. Professor Theo Barker is chairman and Stephanie Zarach (formerly an Electricity Council and Atomic Energy Authority historian) is Director of Research, coordinating a team of freelances.

the international trader, and British Petroleum, to retailer W. H. Smith—got it right. There are more to come soon: Grand Met (botels and leisure), Glaxo (chemicals and pharmaceuticals), GKN (engineering) and Morgan Grenfell (merchant back) They take full responsibility for the history on a commer-cial basis and are slowly build-Not all are centenary histories (and it reduces the time pressure on the author if they ing up a portfolio of clients including Linklaters & Paines are not). but most go back 100 and other professional firms.

The Business History Unit at the London School of Econ-omics has 82 firms among its How does a company go about biring a historian? The favourite route is via the chair-man's alma mater. sponsors, and provides a (frea) advice service for directors considering commissioning a This is the classic route consider pioneered by the UK textiles history. group Courtaulds, Pilkington, Comp.

Companies need to get clear in their mind on what basis the writer is working. The best authors will only accept com-missions on a "warts and all" basis. Litterati of the past, like Compton McKenzie, were known for only accepting business commissions at ridiculous fees, but I bave not yet encountered one in England who followed the example of a German professor I once met. His fee was DM 100,000 if the book were published, but DM 200,000 if the company suppressed it!

There have been cases where the company did not think tha history suitable and has not published; they include Guin-ness, the drinks and leisure

haps not surprising; history is more controversial than one might think, as British TV viewers have been reminded recently by the Monocled Mutineer controversy.

Many are the company chair-men who have had to admit that in the end their view of the offending manuscript is not that much different from that of the Communist Party of the Soviet Union on the question of the freedom to write history!

But for history to be taken seriously, the author has to be free to make his own reasonable judgments, subject only to arbitration in matters where pre-mature divulgence of recent history would be commercially costly. Patents or antitrust are common areas of difficulty, but most authors will accept reasonable arbitration clauses to cover

Of course, some companies have more fundamental prob-lems which require really creative writers. In particular, tha ravages of wartime hombing, Thames flooding and the combined impact of rats and takeover bids have quite devastated. many companies' records. Advice on archival questions is available from the Business Archives Council, which now has more than 50 years' experience of advising companies on the long-term problams of records managem

the old hands think they could have done the job better them-

On the other hand, some delighted companies find their corporate culture reinforced by the historical record; it is no accident that almost all Japanese companies and most of the companies and most of the companies mentioned in the "Excellence" books by Peters and Waterman have corporate historians.

Many comment that history provides experience cheaply which originally cost dearly. The result is that the corporate historian is drafted in to participate in in-house management training; he provides a broader perspective and a ready source of case studies.

But business historians in Britain still have a long way to go. There are still no history consultancies as well established and professional as the Winthrop Group in the US. And it remains rare to hire his-torians to write contemporary history, as some US corpora-tions are now doing. Wells Fargo Bank has a team of 13 historians working on archives. (some of them part of its publicity team) and making collec-tion of recorded interviews with retiring executives to preserve

the corporate memory.

AT & T, US telecommunications group, has aked Professor Peter Temin of MIT to record the results of deregulation in America from inside the corporation, using contemporary documentation. (A lesson here for Sir George Jefferson and British Telecom?)

One of the surprise spin-offs of Mrs Thatcher's university policies is an increased willingness on the part of academics to take on contract research of this kind to supplement departmental budgets and provide employment for their graduates.

The current boom in company nostalgia may be demand-led from the accidental concentration of centenaries; but the supply push looks like being just as strong while the current squeeze on the universities. traditional activities continues

Professor Leslie Hannak is Director of the Business Director of the Business History Unit, at the London School of Economics.

Some useful addresses: Business Archives Council, 185 Towar Bridge Road, London, SEI (Tel: 01-407 6710): Business: History Unit: 10 Portugal Street, London WC2A 2HD (Tel: 01-405 published; they include Guimness, the drinks and leisure group, and Kleinwort Benson, the merchant bank. The reason can be the discovery of a skeletion in the cupboard, but is just as likely to ba a new chairman with different views.

Suppression is obviously not popular with authors for whom it means the loss of an academic promotion or a commercial shop window. Disagreements are per-

## "Rapido." "Beeilen Sie sich." "今直ぐ" "Hurry."

## The demand for fast international correspondent banking is the same in any language. So is the response. PNB.

Every day you may be losing thousands of dollars in interest or the business of good customers. Why? Because your U.S. correspondent bank delays collections or payments, or it fails to respond to inquiries.

Put a stop to it. Switch to Philadelphia National Bank or our Edge Act affiliate Philadelphia International Bank, Because our European and Asian offices have online, real time access to our mainframe in Philadelphia, we can answer your inquiries in minutes as opposed to days. We can even give you information about transactions in other PNB offices - in your language, without time zone delays.

Our error ratio is one of the lowest in the industry --- as low as one-tenth of what some banks advertise. One reason for that is your account officer, who personally follows up every inquiry you make. And only PNB gives you a monthly status report of all outstanding investigations. thanks to our on-line Investigations Tracking System.

To find out more, call the PNB representative office nearest you. Or contact Steven S. Nichols, Senior Vice

President, via telex at 84-5297. We'll tell you how we can improve your correspondent banking --- fast.



London • Paris • Luxembourg • Hamburg • Tokyo • Bangkok • Hong Kong • Manila Singapore • Sydney • Bogota • Buenos Aires • Panama City • Sao Paulo • Nassau



## OFFICE EQUIPMENT SURVEYS 1987

The Financial Times is proposing to publish the following Survey on the dates listed below:

Friday 20 February

Monday 23 February DTBA April Wednesday 29 April Monday 8 June Tuesday 1 September

Monday 19 October

Electronics in Printing (Desk Top Publishing) Office Design and Furniture Information Management **Mobile Communications** Refurbishment Office Equipment Telecommunications

Information on advertising can be obtained from Meyrick Simmonds. telephone number 01-248 8000 extension 4540, or your usual Financial Times representative.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

### The heart of Paris and all that Jazz

e "Jazz sur Branch" week-end at Le Meridien Paris! When you arrive Saturday night, you'll find a chilled bottle of champagne in your room, and a welcome drink waiting for you in our "Lionel Hampton" Jazz Club.

Sunday morning, breakfast in bed, coffee and croissants. And le Jazz sur Brunch" in the lobby from noon until 3 pm! With the Claude Bolling Big Band! All included in the price of your room.

This offer is valid for Saturday night (extra night Friday or

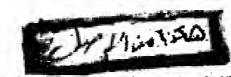
Sunday: 850 FF/night).

From november 1, 1986 through march 31, 1987.

Single room: 1,010 FF/night - Double room: 1,360 FF/night

Specifying "Paris sur Jazz". Reservation through:
Your travel Agent • Your Air France ticket office • All Meridien Hotels
Frankfurt: 49 (069) 22.91.11. London: 44 (1) 439.12.44.
Paris: 33 (1) 42.56.01.01.





AUTHORISED SOURCE Trust Managers List UNIT TRUSTS SOURCE Trust Managers List Observed St. Landon ECTY 417 01-307-4201  AMERICAN ST.	ET UNIT TOUCT INTO DECEMBED A DEDVICE	Boysi Treet Con. Fd. Migt. Ltd Target Treet Mages. Ltd (a)(g) 45-50 Clean St. Landon ECON 61.0 (21-256 6044 Target Miss. Connecte Rt. Aphrelory Rts. (a)(12-16-15)40
Abbuy Unit Tst. Mingr., (2) Price - Groy Gate Fund 12 100 21 - 0.1 100 200 21 - 0.1 100 200 200 200 200 200 200 200 200 20	Stringe Fund Managers (a)(c)  F5 Investment Managers 1,125  Mill Sanguel Unit Tst. Mgrs. 7 (a)  Milliand Each Group UT Manger. 1,26  20 Control Armon. Lorder. E-28 794. (1)-588-504. 190 West Court St. Gington  941-332-9452 NLA Torrer Advicantes Read Court Managers (a) Control Managers (b) 1975  Control Armon. Lorder. E-28 794. (1)-588-504. 190 West Court St. Gington  941-332-9452 NLA Torrer Advicantes Read Court Managers (a) Control Managers (a)	Contact Found (ct. 1)
High the Earth 193 100 bit - 0.3 5.2 Barreleys Unicorn Link(a)(c)(g)  Could Grown 1940 2014 442 Lincorn to 252 Aberlow 1945 442 Lincorn to 252 Aberlow 1945 457  Admitted Grown 1940 2014 442 Lincorn to 252 Aberlow 1945 457	D. Act 170 0.4 15 17 Section 14 15 15 19 Debr 1 15 17 Manager Section 150 17 Section 150 17 Manager Section 150 170 170 170 170 170 170 170 170 170 17	231 Findary Processor, EC2A JAY   251.428 9976   Gald Improc.   79.3   76.7a  - 6.4   6.5   6.5   6.5   7.5   7.5   - 6.4   6.5   7.5   7.5   7.5   - 6.4   6.5   7.5
General Labora 1932 115 115 115 115 115 115 115 115 115 11	Control   Cont	Comman Growth 120   54.4   62.4   -0.6   14.7   62.5   6
Affied Dember (Suit Trusts PLC (a)(g) Do Law For 1942 - 1953 1440 - 1944 1440 1440 1440 1440 1440 1440 1440	Column   C	Section Computer Pr
Afford Dumber Gentre, Swindler, SN1 161 On Arriver Fig. 10 193 Bit.   144 On Arriver Fig. 10 194 On Arriver Fig. 194 On	Comparison   Com	SEC Management Limited Park   100-409 7915   100-40
High factors Front 1991 2040 -0.3 6.52 Control front 1964 1965 1960 -0.2 6.52 Earling Fund Managers Ltd	Neglect   1935   1935   1936	28 Western Rd, Romford RM1 31.8 Control No. 2 Francis St., Editorial Eric 900 (Mondard) Transite, Remnant Unit Transit May Lital Control No. 2 Parties Note: Eric M. 243 72
10   10   10   10   10   10   10   10	Communication (No. 17 - 50.0)   5.11   5.00   5.11   5.00   5.11   5.00   5.11   5.00   5.11   5.00   5.11   5.00   5.11   5.10   5.11   5.10   5.11   5.10   5.11   5.1	
Print Sep. 70. 1955 1964 40.2 206 Earrington Mont Co Ltd (r)	Name   No.   12   106.5   106.5   106.6   106.5   10	10   10   10   10   10   10   10   10
10   10   10   10   10   10   10   10	CS Promise in Fig. 1824 46,500 - 3.00 int. Control 54 1820 - 155 int. Contr	Section   Col.   Sect
Ambiency Wieler Unit: Tet. Higgert. Ltd.  19 Widerpato St. London E.I 701P  19 Widerpato St. London E.I 701P  10 Wider Corty inc Fd. 307.2  10 Acres. 1017.6  10 10 10 10 10 10 10 10 10 10 10 10 10 1	So beautiful 1772 65 34 405 517 518 Subert France Trest Mart. Ltd. 45 Hourston, Landon LCR AEL 03-436 1771 Wild See January 1983 154 500	Schreder Unit Truck Managers Ltd
Descript Trans   Col.   1.55	10   10   10   10   10   10   10   10	10.2   10.2   10.3   10.4   10.5
High Vicid Energy Pd.   16.5   72.4     1.50   1.7   2.52   2.52   1.7   2.52	Capel (James) Megt, Ltd Funds in Court*  Finals	Control Interest   10.2   10.2   10.3   10.4   10.3   10.4   10.5   10
Consist First   S0.6   95.7m	Catter Alten Unit Tat Managers 1 (2) (2) (3) (4) (4) (4) (5) (6) (6) (7) (7) (7) (7) (7) (7) (7) (7) (7) (7	
Biskopsystic Progressive Mignet, Co. 15 St. James' Place, London SW1A 100W 91.409 0111 3 Clearinies St, Editorych 91.409 01122 004 -5.01 115	Cont. Ed. of Fin. of Cherch of England; 2 Fore Street, Lordon (EZY 540) 2 Fore Street, Lordon (EZY 540) 3 193.25 3 193.2	Charm lights
RE Technology (v) 1503	10.00   10.0	Spiniter Apact Resempement Ltd   UR Prevident Unit Tress Hanagers Ltd   UK Honey, Castle 9, Schistery SP1 35H 0722 33524   UK Honey, Castle 9, Schistery SP1 35H 0722 33524   UK Energy   D21 1 1204   -0.25
TG Earty (2) 1584 1615 201 Remain Delphin Unit Tot Mengra Led 201 Remain Delphin Unit Tot Mengra Led 300 Indiano Growth 2015 2133 405, 537 5 Gircus St. Lendon ECLA 905 01-201 400 RG Earty (2) 1143 221-701 -1-4 0.75 Remain Calculation ECLA 905	Cherical Medical Unit Treat Mempers Ltd	Scottish Equilable Fund Mgrs. Lide 60 (Robors Vanista, Local Ecol. 201. 201. 201. 201. 201. 201. 201. 201
222222222222222	Notice   Part   Notice   Part   Par	had been been
	Pull   Professor	10   10   10   10   10   10   10   10
	County West Treat Managers   See   Sec   S	Environment   1224   225.0   1.11   1.19   Wartley Suft Trust Managers Ltd (a)   123   124   125
	100   100	Scattish Provident hav. High. Ltd: Small Co. Vo. 1100 1177 40.1 2 634 Andres St. Editoryk 2 193.556 9181 Antre St. Editoryk 2 193.556 9181 Antre St. 193.5 40.3 2.5 UK Treet 193.5 1
TODAYS ANAGRAM	Partie   County   C	beto-List Sest Act. 103.4 130.6 233 Waverier Asset Management List (a) (c) (g Scotlish Unit Managers 29 Charlotte Sa, Eisborgh 003-225 132 Charlotte Sa, Eisborgh 003-225 122 Autharta Cal. 224 274 274 274 274 274 274 274 274 274
MARRY? LUST! VICE! REMARKS G.  THE FIERY PENT-UP MALE (6,7,72,64,3,4)	Communication Treat 2014 26320 447 UR Programme Lance 2014 38.9 447 [Local Authorities' Manhael Engage, Tat."  Communication 10042 1004 447 UR Programme Lance 2014 447 [Local Authorities' Manhael Engage, Tat."  2 Fore Second, Local Editor 10042 1004 1004 1004 10042	Periff Final (2)
Price Perference for your to August 31 for this beautiest Treat  FREE bottle of champagne to 25 backy callets.  01-460-4545	Criminate that: Trend Minampers 12d	PO Box 902, Edisburgh EH15 989 031-568 3724 2 Novey Line, London ECZV BST 25-69 9985 25-69 15-69 9985 25-69 15-69 9985 25-69 15-69 9985 25-69 15-69 9985 25-69 15-69 9985 25-69 15-69 15-69 9985 25-69 15-69 9985 25-69 15-69 9985 25-69 15-69 9985 25-69 15-69 15-69 9985 25-69 15-69 15-69 15-69 9985 25-69 15-6
FT CROSSWORD PUZZLE No. 6,181	Section lies 19.3 via	Page   Lawr Inc.   1931   1943   1964   19
PROTEUS  1 2 3 5 6 7 8	Total Peril Self   Column	Despite III 428 6526 American Matter III 1713
	Company   Comp	Pentile Fred   1997   202.64   1.17   1.17   AA Friendly Sections   1.17   1.17   AA Friendly Sections   1.17   1.17   A.15   A.
12 13 13	Demosile Unit Tot Many List  Schwings St. Edichurgh E/C 408  SCHLOZO ST. Address St. Edichurgh E/C 408  SCHLOZO	Salith & Williamson Unit Trist Mayers   1 Mides House St. Liston WIASAK   G1-537 SS77   1 2003   2004   40.2   4
34 15 16	Tomor Str. (5 10 100 100 100 100 100 100 100 100 100	3 George St, Edinburgh EH2 202 0000 993777 Prop. Ser. 1 22.3 28.8 4-0.1 -
18 19 20 21	Desired (1-425-0221)	Stewart Inner Unit Treat Higgs List (a) 501-265 277.3 578.3
22 23 24 24 24 25 24 25 25 26 26 26 26 26 26 26 26 26 26 26 26 26	ETH Service (10 201 201 201 201 201 201 201 201 201 2	Martin Fam.   1924   1925   22   22   22   22   22   22   22
25	Appendix No. 27   1952   195	Sain   PPP
ACROSS  1 Levers of power in birds acceleration? (4, 4, 3, 4)  4 Tell tales of Italian church (7)  4 where to get a house for	20   20   20   20   20   20   20   20	See: Life of Canada Voit Hoges Lid \$50: Line 1 10.00   10
5 Old car to take to the dance (6) 19 One wood that appears per- times in a flight (5) 8 Serviceman giving material	100 MLA Valle Ar. 253 503 503 503 503 503 503 503 503 503 5	Sain Life: Trent House, List 3 Davins Lave, Periors Ber 207, Commun St, Landen EC48 S40 00-406 6000 Errepen F4 Accust — 1973. 279.28 27
11 Bird finding answer in amalgamation (9)  12 Bird finding corn husks on island (9)  13 Bird finding corn husks on island (9)  14 Anyone in London may see the night of his marriage to	Dates Day: Well-stein, "Grade day: Treatment," 120   121   122   123   124   1	American Serveth Rec. 202
into ravine (5)  14 Girl with European type of 17 Left gazing round at bird (8)  2 aerial (6)  15 Left gazing round at bird (8)  2 aerial (6)  2 aerial (6)  2 aerial (6)	10 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Style   10   10   10   10   10   10   10   1
den (7)  18 Conducted negotiations and bought drinks all round (7)  28 Happener to bed (7)  29 Hope to see mixed pairs entry first (6)	Special En   151	Beilty But. 2016 2 2 4 4 4 4 5 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
first laugh with use (6)  22 About to hold up early opening in foreign currency (5)  24 City sailors that work only  24 City sailors that work only  25 Solution to Puzzle No. 6,189	L April 17 1 16 1 17 1 16 1 17 1 16 1 17 1 16 1 17 1 1 17 1 1 17 1	758 (talk Yrands (b) (c) (y)  PO Ster 3, Rosen House, Admired, Holdes SP10 1PC  Con Examings Acc. 1941  Cit. Equation. 254.5  TSS American 1925  Till Arms 1925  Till Arms 1925  Till Arms 1977  Till 401  Till 222  Till Arms 1977  Till 401  Till 222  Till 401  Till 40
cut off (9)	F & C Und Management County of the County of	Title Engineer
partment or elsewhere? (5)  27 First German composer to have kidney trouble (6)  28 Have side plastered with sticky substance (8)  DOWN  1 Drive home with first love in	Fac Europea Inc.   10.1	Da. Atton
tight hold (6)	7 AC Control 1973 1973 1973 1973 1973 1973 1973 1973	31 Bulk Treat Managers Lts: 50 Holischers Rd. Restrement. 0202 272345
3 Totally unexpected athletic	**************************************	2 to 197 (c), Limite ECSA 6859 69-31 -0.78 0.00 Epity Field Cop

77

ಚಿತ್ರ 5ಬಿಗ್

ogy Karanda Gode Fairak

11

Ţ

ه کوا من الامهل

The second secon

::-er 19 16∰

. .

Financial Times Wednesday November 19 1986 35 Knight Williams & Company
33 Cark Street, Landon Williams
NW Midd Menapet. 19.3
NW Half of Menapet. 19.3
NW Half of Menapet. 19.3
NW Half of Menapet. 19.3
NW CARL Manapet. 19.3
NW Ry Hardings Man. 19.3
NW Ry Hardings Man. 19.3 1ME. 01-409-0271 INSURANCE, OVERSEAS & MONE 20 Changwale, Leston E22
An in 72 Der 27
An in 01-302-6000 474 -0.07 3.04 20 2.23 21-23 -0.11 446 21-23 -0.00 -1 149 -0.00 -1 149 +0.00 4.14 ## 1900 ## 190 | Schreder Fiss, Mignett, Intl. Limited Sen 273 St Peter Pari, Secrescy 10421, 24750 | May 12 St. Jenny Pand, Life Sila 39 S 1999 March Financial Management Ltd 
March Financial Management Ltd 
24 Vale Act, Turbridg Wels, TiO 101, 0972 515616 
March (MAG) Fund ... 1973 1861 1-15 ... 
March (MAG) Fund ... 1974 1873 -03 ... 
March (Mag) Fund ... 1970 1873 -03 ... 
March (Mag) Fund ... 1970 1873 -03 ... 
March (Mag) Fund ... 1970 1873 -03 ... 
March (Spender) Fund ... 1975 1975 1975 ... 
March (Spender) Fund ... 1975 1975 ... 
March these temporary Magnett (Islan of Mam) Lost

Warshering Inv Magnett (Islan of Mam) Lost

1 Thomas Street, Douglas, jole of Mam) Lost

1 Thomas Street, Douglas, jole of Mam

Marchel Head

10.5

Warsher Head

10.6

10.6

Warsher Head

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

10.6

1 GE Combined Box 71, Chapmair Cheste, Rand Tone, Erk Vryn Isld, clo Robert Famous & Co.
The NZ Four State Sta Citibank (CI) Ltd "Citifonds" Similar France In according to the College Control of the College College Control of the College Noble Lovenies & Partners Ltd POBer 144, Cropins Dende US, Cropins Lovenies Class Equit 1 199,9 195,9 -0.1 -Lovenies Class Equit 1 199,9 195,9 -0.1 -| Control of the cont | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | Swiss Life Pentions Ltd 99-101 Luxdon Rd, Strengts an Rd, Sevenands, Company (Company) | Second | Company | Compa Marthypate Unit Tst. Magr. (Jersey) Ltd Northypate Unit Tst. Magr. (Jersey) Ltd 70 Bas 82, St. Hefter, Jersey Parite Fast Nor 22, 22, 22 Harth Star Group of Companies th Provisionium International Constitutions) SA TSB Life Ltd er SP10 1PG 0264 62189 1 1517 -06 -17 1261 -03 -18 1963 -09 -0534 73740 20.71 ch Provintenten International (Loncethaup) SA
25 Brd, Royd, Lorethaup
25 Brd, Royd, 389 1 119.5 Target Life Assurance Co. Ltd. Target House, Catebook Sund Clairovert Benness Errors

20 Fercineri St, Lonion EC;

13 International Fe ...

14 International Fe ...

15 International Fe ...

16 International Fe ...

16 International Fe ...

17 International Fe ...

17 International Fe ...

17 International Fe ...

18 Internationa - 0.72 0.46 - 0.43 - 7.81 - 7.81 - 0.72 ic Mart Co SA American Tech 517.02 Dynamic Gwith Fd. 318.73 G1219221717 Second International Trust
Fund Shar: Roren Invest Trust to List
to Vicions de Costo List, King William Str
ECA Sharp (Athert E.) 4. Co
12 Newton Street, Similaphan
Man-Christi Mes. 1073
Pers. Man-Schreder 1985 0424 23951 Victors de Costs List, King William Street, London, 01-623-2494 NAY Was 14,264.67. IDR value USS16,338.57 1De Boolevard Royel, Lucambourg SAV Inc. Age.: M. & G. Inv. Magt., Money Market un lavestment Trust Co Ltd Atalcarazioni GENERALI SPA PO Box 132, St Peter Part, Guerrary, Cl Sertine Manager Part, Edit 1 (2012) Detar Hamper Part, 1723 (2013) Trust Funds Koren Trust NAV New 15. West 21,440 (US\$24 97) Second Trust NAV New 10. Wom 13,037 (US\$24,96) | NAV September 22 | SS24.12 | Singer & Friedlander Life. Agents | 21 lines 3t, Bahapagame, EC24 4447 | 03-423 3000 | 10/19 for for 3t | 33.00 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 TO SEPTING ABOUT - ACCOUNT 20,79%

"Other Pricts specified are exclusive of protein Endough To Paris (Laborate Bassan Consump Food (Laborate Bassan Consump 176.1 334.7 611.7 571.9 126.9 267.7 150.4 100.70 111.46 111.46 111.46 111.46 111.40 | No. | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1 OFFSHORE AND t Trest Mgmt Ce Dong Josgro-Ke, Scool, Karea Jening & Co. Yet: 01-638 5858 Premium Life International Ltd 124 Degi 21374 **OVERSEAS** die Life Asser Co Ltd | Standard Chartsreil Offi. Money With Fund | S24 | S25 | Standard Chartsreil Offi. Money With Fund | S24 | S24 | S25 | 17.66 17.49i Trident Life Assurance Co Ltd ds Costs Lid, King William Street, 4 01-623 2094 Mar 17,158.06. | OR value USS17,676.67. Larrard Brothers & Co (Cournsey) Ltd | Lazard Brothers & Co (Caernest) Ltd.
PO Use 275, 20 Peter Port, Caernest	1.00				
Laterd Cor Res Felf.	1.215		1.214		1.02
Laterd Cor Res Felf.	1.215		1.214		1.02
Laterd Cor Res Felf.	1.215		1.214		1.02
Laterd Cor Res Felf.	1.215	1.216		1.02	
Laterd Cor Res Felf.	1.216	1.224	1.224		
Laterd Cor Res Felf.	1.215	1.224	1.224		
Laterd Cor Res Felf.	1.217, 20	1.224	1.224		
Laterd Cor Res Felf.	1.217, 20	1.224	1.224		
Laterd Cor Res Felf.	1.224	1.224	1.224		
Laterd Cor Res Felf.	1.224	1.224	1.224		
Laterd Cor Res Lat.	1.224	1.224	1.224		
Laterd Cor Rest.	1.224	1.224	1.224		
Laterd Cor Rest.	1.224	1.224	1.224		
Laterd Cor Rest.	1.224	1.224	1.224		
Laterd Cor Rest.	1.224	1.224	1.224		
Laterd Cor Rest.	1.224	1.224	1.224		
Laterd Cor Rest.	1.224	1.224	1.224		
Laterd Cor Rest.	1.224	1.224	1.224		
Laterd Cor Rest.	1.224	1.224	1.224		
Laterd Cor Rest.	1.224	1.224	1.224		
Laterd Cor Rest.	1.224	1.224	1.224		
Laterd Cor Rest.	1.224	1.224	1.224		
Laterd Cor Rest.	1.224	1.224	1.224		
Laterd Cor Rest.	1.224	1.224	1.224		
Laterd Cor Rest.	1.224	1.224	1.224		
Laterd Cor Rest.	1.224	1.224	1.224		
Laterd Cor Rest.	1.224	1.224	1.224		
Laterd Cor Rest.	1.224	1.224	1.224		
Laterd Cor Rest.	1.224	1.224	1.224		
Laterd Cor Rest.	1.224	1.224	1.224		
Laterd Cor Rest.	1.224	1.224			
Laterd Cor Rest.	1.224	1.224	1.224		
Laterd Cor Rest.	1.224	1.224			
Laterd Cor Rest.	1.224	1.224			
Laterd Cor Rest.	1.224	1.224			
Laterd Cor Rest.	1.224	1.224			
Laterd Cor Rest.	1.224	1.224			
Laterd Cor Rest.	1.224	1.224			
Laterd Cor Rest.	1.224	1.224			
Laterd Cor Rest.	1.224	1.224			
Laterd Cor Rest.	1.224	1.224			
Laterd Cor Rest.	1.224	1.224			
Laterd Cor Rest.	1.224	1.224			
Laterd Cor Rest.	1.224	1.224			
Laterd Cor Rest.	1. Albany Fund Management Limited PO Box 73, St Heller, Jersey Abony 5 Fd. (Cit. 5335-53 330.034 Doncan Lawrie Inv. Mgt. Ltd Victory Hist, St Peter Port, Guernsey	October	Octo SL London, W1 01-493 9606		

97.30 11.14

97.30 11.14

97.30 11.14

97.30 11.45

97.15

97.15

97.15

97.15

97.70 11.25

97.70 11.25

97.70 11.25

97.70 11.25

97.70 11.25

97.70 11.25 Tunkridge Wells Equitable
Abbey Court, Toshridge Wells
Me Anders Samer 1975.9
Senings Ramer 1975.9
Senings Ramer 1975.9
Prize Plan Europe 1975.9
Dominion Corosto. 1976.6
Samer 1976.9
Senings Wells Emisyl. 1976.6
Senings Wells Wells Emisyl. 1976.6
Senings Wells For where prices ring 04th 20725-9

Providential Inti Finance: Services List
P.O. Ban 63, 3t Peter Port, Catentier, D405

Service Front. 97-51

Sorring Salmond Fd. 93-3

South Salmond Fd. 93-3

South Salmond Fd. 93-3

South Salmond Fd. 93-76

Follower Lamretory Found

Found EBC Trust Company (Jersey) Ltd 1-3 Seale St, St Heller, Jorsey Alled Denhar futernational Fund Myrs. Appel Description of the Control of Liegelds Stantz Converse Stritzerland

1 Place Bel-Ak, CH-1211 General 11 (Switzerland
1 Place Bel-Ak, CH-1211 General 11 (Switzerland
1 Fel: 010-01022 20 Bb 11 (est, 294) shr (log)
Lioyab for London String 1277

Lioyab for Converse String 1541

Lioyab for Raider Strin Tyndali Assurance/Pensions 401 St. John Street, London, ECIV 4QE Alfred Irish Famel Managers (CF) Ltd East Rish Dan Int, St Hutter, Jersey. 6534 76600 Sterling Correct Fd. 120-3400 922 10.59 Managed Correct Fd. 200-3400 10.59 10.59 The Emplish Treat Group 16 Athol St. Doogles, lote of Ware Engle Hise, Dan Ref, St Philler, Jersey. 9534 76400
Sterling Corrosop Fed. 20.34(b) 92.922
Manapad Carecasy Fed. 20.34(b) 19.92
Arbantianust Securitiles (CI) List (a)(c)(b)
PO Box 428, Sa Refler, Jersey 1594 76077
Bother learner 1st 21.100 1 1594 76077
To the learner 1st 21.000 1 1594 76077
To the learner 1st 20.000 1 1594 76077
Secritop Felt Row 12 2 206.77 206.78
Japan Exercists Felt xi 37 100.00 1 115.00
Tricet deathy Rowarder 1st 380.000 1 15.000 1 15.000
Tricet deathy Rowarder 1st 380.000 1 15.000 Equitiblists between the properties at 100 per Timerator Management Ltd.
36 Firstory Circus, inston EC28 70J.
James Ford. 517 30 18,364
Australia Faret. 517 30 18,364
Establishment Frant. 517 30 36,652
Establishment Frant. 518,69
Windows Ford. 518,60
Orlanda for prof. 518,70
Palagainer dedover Fd. 517,02
T. 27,77 25 Hs. Morea St. Dongtas, Johl. 0624-20097
25 10.17 10

ORANGE JUICE 15:000 lb, conta/lb

COFFEE "C" 37.500 lb, cents/lb

COPPER 25,000 lbs, cents/lb

556.5 559.3 564.4 569.7 575.3 581.2 680.2 560.4

CHICAGO

Dec 51.00 01.05 60.10
Feb 58.22 58.27 47.35
April 58.65 88.70 58.30
June 57.65 57.75 57.35
August 56.40 58.60 55.95
LIVE HOGE 30,000 tb, Canta/lb

Feb 69.85 69.85 57.66 87.86 March 68.75 48.76 86.40 96.75 May 65.07 88.07 65.90 86.07 July 67.02 67.75 65.15 65.16 August 64.47 84.56 82.86 82.85

Dec 155.00 168.00 152.50 158.30 Dec 155.00 168.00 152.50 158.30 158.30 158.30 158.31 158.30 1

Close High Low 98.35
58.45 58.50 58.30
58.65 58.20 58.25
58.20 59.25 59.05
69.20 60.20 80.00
60.50 60.45 60.30
61.25 61.66 61.50 61.50

Close High Low Prev 123.00 123.30 122.50 122.20 123.05 122.45 122.60 122.90 123.20 123.00 122.90 122.90 122.90 122.95 122.95 122.95 122.50 122.50 122.50 122.50

BY TIM DICKSON IN BRUSSELS

THE EUROPEAN Commission and France after Monday's decilest night performed an unex-best night performed an unex-pected "about turn" by putting EEC commissioners in Brussels more time was devoted to dispected " about turn " by putting forward proposals to help not to respond to the special British and French meat far-

The package included a 6 per cent devaluation of Britain's Green Found for beef (and 2 per cent for sheep meat) and respectively a 3.3 per cent and 3.2 per cent devaluation of the Green Franc on French beef and sheep meat. In addition, there was a measure to react to the latest commission there was a measure to accelerate the timing of the payment of the ewe premium to French lamb producers.

pleas for help from British beef farmers and the French

react to the latest commission accelerate the timing of the payment of the ewe premium to french lamb producers.

The move followed intense political pressure from Britain

cussing the new ideas.

The commission came up with its new package yesterday by means of the so-called "accelerated written procedure." This is a rare, but not unpreceden-ted, procedure which does not involve a formal meeting of

Farm Ministers, meanwhile, eppeared to heve made little significant progress yesterday on the Commission's farreaching ideas for reducing milk and beef surpluses.

## EEC's policy acrobatics anger UK and France

"TT LOOKS like a non-story bnt it's a damn good tale." That was how one shrewd Brussels observer summed up the European Commission's failure on Monday morning to come for-ward with proposals to help British beef farmers and French

Inh producers.

The spparent non-event, in fact, has crested a major political hullaballo which was rumbling on throughout yesterday and raised all sorts of important productions of the control of the tant questions about EEC egrimonstary policy, including the consequences for British farmers of Mrs Thatcher's con-tinned refusal to join the European Monetary System EMS). The episode also inspired the not entirely unfamiliar image of Mr Frans Andriessen, the EEC's Farm Commissioner, standing on his head and the entirely familiar spectacle, where European farming is con-

cerned, of blatant political considerations outweighing some fundamental economic truths. Developments last night seemed to indicate that the acrobatic display was not yet

(or did not happen) on Monday sented an immediate "sain" to morning it is important to distinguish the essentially separate French and British probincease in Irish exports of beef Government is appealing for special help to suport its hard pressed lamb producers, widely acknowledged to be some of the poorest farmers in the Community and hard hit recently her the sharp fall the sharp fall in domestic prices. One factor contributing to this has been the large quantities of British lamb cold into the French market by

national cooference in Perth, Western Australia, on trade and investment in Pacific Rim

nations. His gloomy remarks reflected his contention that the

They were not even concarned said. with profit and loss, because of Min

THE 33 producer and consumer

members of the International Natural Rubber Organisation (Inro) are expected to take the

opportunity of a three-day Inro

council mesting, starting here today, to explore the prospects for another round of negotia-



Mr John Gummer . . . Notably irritated

translate common EEC farm support prices into national currencies and the effect of that move was to give Irish beef farmers a significant competitive advantage against the UK. According to the National Farmers' Union the consequent reduction in Irish monetary compensatory amounts (MCAs) ver.

To understand what happened in national currencies—repre-

mission for a devaluation of the Green Found—an applica-tion which until last week had generally fallen on deaf ears. Faced with increasingly into the French market by tradicis taking full advantage of sterling'e recent weakness against other EEC currencies. Hence the well publicised violence against lories conveying British meat.

For the British "difficulty," as for each devaluation of the however, you heve to look west green pound for beef (to help British meat.

For the British "difficulty," a 6 per cent devaluation of the however, you heve to look west green pound for beef (to help increasingly pointed nut in to Ireland and the Commission's Britain) and a 10 per cent tax Brussels that if sterling had decision to grant that country on British lamb exports (to been subject to the disciplines decision to grant that country on British lamb exports (to

**Developed world mine closures** 

inevitable, says Amax chief

MINE SHUTDOWNS in indus- and domestic employment.

trial countries are inevitable because mining activities by less developed countries had business and jobs and export totally altered the industry's earnings were being lost. At the

outlook in the free world, Mr Allen Born, president and Chief Executive of Amax, the US Minerals Corporation, warned yesterday,

He was speaking at an international cooference in Perth,
Vestern Australia, on trade
nd investment in Pacific Rim
actions. His gloomy remarks

of the future.

with profit and loss, because of Mining companies in the ducers, their need for foreign exchange industrialised world should technology.

the underlying problem, it was clearly carefully designed to provide political satisfaction. But it also involved Mr Andriessen laying himself open to charges of gross inconsistency. On the lamb question, for example, he was proposing the introduction for the first time in this sector of negative McAs. Yet for much of this year the Commission has emphasised its dislike for the McA system and has affirmed its determination (possibly during next year's farm price negotiations) ultimately to abandon the whola scheme

In proposing Britain's green pound devaluation, meanwhile, Mr Andriessen was also contra-dicting his earlier arguments that such adjustments should only be made once a year at the April price fixing, that the budgetary costs would be considerable, and that the concession to reland had been made in "agreements" and the concession to reland had been made in "exceptional" circumstances (essentially bad weather and the unusually depressed Irish farm incomes).

As it happened, only 10 of the 17 EEC Commissioners turned up to Monday'e special meeting to consider the package with the result that tha necessary nine votes in favour could not be mustered. Whether the seven absentees missed planes or deliberately stayed away is the subject of some speculation in Brussels but it is rare for Mr Andriessen out it is rare for Mr Andriessen not to get his way on a package of this importance — especially given the national interests concerned — and the consequent irritation of the British and the French, notably Mr John Gumer, Britain's junior Agriculture Minister, was one well publicised result. well publicised result.

The proposed measures would certainly have involved e cost to the EEC budget—though one a 6 per cent devaluation of its appease the French). of the EMS, the British problem "green" currency in September. Although some dispute would be significantly less Green currencies are used to whether this would have solved serious.

therefore compete only in areas where they could be low-cost producers nr might have some

other competitive advantage. "If neither is the case, we have to shut down," he said.

Those companies also had to reduce their exposure to

extractive nperations and increase their role in down-stream products. "Where we can't compete with third world

countries on a raw materials hasis, as in the case of much

business," he declared. .

#### Denmark set to curb farmers' use of nitrogen

By Hilary Barnes in Copenhagen

DENMARK is set to become the first European country to compel farmers to cut the use of artificial fertilisers in the cause of reducing environmental pollution.

The Folketing yesterday the Government to present plans by Fehruary 1 for reducing the wash-out into Danish waters of nitrogenous wastes by half over the next three years and the wash-out of phosphorous wastes by 80 per cent over the same period. One of the main features of the plans being considered by Minister for the Environment. is the reduction by a quarter, or 100,000 tonnes, of the use of nitrogen fertilisers by the

farmers.
Following a breakdown in negotiatious between the agricultural organisations and the minister this month on a scheme to control fertiliser use vountarily, Mr Christensen has made it clear that compulsion will have to

The resolution has come in response to the discovery of the deoxygenation of areas off the Danish coasts this autumn as a result of the growth of algae, which feed no nitrogen and phosphorous

The farmers are dismayed by the momentum which the political campaign against fertiliser use has gained this

They are already under financial pressure as a result of low world market food prices and measures being

food surplus.
"We feel like hunted animals," said Mr Joergen animals," and mr avergen
Laursen Vig, chairman of the
Association of Pig Breeders,
at the weekend. Farmers'
organisations estimate that
the proposed mirrogen cut will cause a production loss worth about Kr 600m (255m). And there are form they the indirect consequence could be even greater.

Some farm experts say that Emiting fortiliser use will not necessarily stop the wash-out of wastes. If it means that farmers stop sowing winter corn, so that fields are left under plough throughout the winter, the wash-out of ultre-gen wastes could actually increase, according to Mr Kaj Skriver, a consultant at the National Office for Plant Breeding.

#### **Canadian Mint** updates Maple Leaf plant

THE Canadian Mint hopes to become a force in the inter-

national collectors' coin market and to improve the competitiveness of the Maple Leaf gold coin as a result of an extensive renovation and expansion of its Ottawa manu-

expansion of its Ottawa manufacturing facility.

The C\$27m (£13.6m) development which was formally inaugurated yesterday, includes the installation of a rolling mill and blanking machines, giving the Mint an integrated production line from precious metals refining from precious metals refining

Blanks were previously bought from two precious metal refiners, Johnson Matthey and Englehard Cor-

poration. The Mint, set up in 1908 as a branch of "Fritain's Royal Mint to strike gold sovereigns from gold mined in the Yukon, is the world's third higgest gold refiner. Over 80 per cent of its C\$950m in revenues last year came from

expuris. The Canadians have also

Mr Born said less developed countries were subsidising their mining industries and not worrying about environments.

Lespite this, the US Governments, the companies aim should now be to move into "new procedures, technologies and even businesses." That meant a benign neglect and at worst a businesses." That meant are a businesses." supplied circulation coinage to 35 countries in the past decade, including New Zea-land, Mexico and Bangladesh. hydrometallurgy, becoming materials and product suppliers The Mint plans to use these international contacts, the cost benefits of its new integrated production process, and the relatively weak Canadian dollar to gain a footbold in the numismatic coin market. It has already carried out extensive international market research for a series instead of commodity pro-ducers, and developing market research for a series of coins to commemorate the Calgary 1988 Winter Olympics. A Mint official said yester-day that savings on the new production facilities will enable it to expand the Maple Leaf promotion budget. The Maple Leaf has been the main beneficiary of the demise of the South African Kruger-

> 25 per cent in 1984 to 85 per cent in the first half of this competing coins and e general slowing of demand have dented sales in the last few months. Demand for Maple Leaf coins shot np from 1m ounces in 1984 te 1.9m ounces last year, but is expected to slip back to around 1.5m ounces this year. Sales of quarter-ounce and one-tenth-

rand, with its share of the gold coin market rising from

#### LONDON

#### MARKETS AFTER MOVING higher in the morning London's coffee

intures market resumed its recent slide in the afternoon, reflecting a weaker-thanexpected opening on the New York market. The January position ended the day £28.50 down at £1,970.50 a tonne, taking the fall on the week so far to £74.50. This week's fall has taken the International Coffee Organisation's daily indicator price below the 145 cents a pound level which, if main-tained on average for 15 days, would trigger consideration by the ICO Board of the reimposition export quotas, sus-pended earlier this year following a sharp rise in price levels. The cocoa market also continued weak with the March futures position losing another £16 to £1,511.50 a tonne. Once again the trend was set in New York. The recent heavy fall in the gold price was halted but the price ended with only a very modest rally on the day of \$0.125 following Monday's \$17.75

fall.

LME prices supplied by
Amalgamated Metal Trading. ALUMINIUM

Official closing (am): Crah 794-4.5 (786-9.5): three months 807.5-8 (805.5-6.5): settlement 794.5 (795.5). Final Kerb Close: 808-06.5. Turnover: 13,300 tonnes.

	close (p.n ž per	High/Lo	
Cash 3 months	793.5-4 805,5-8	+0.65 0.75	819:80
COPF	ER		
	11145		

909.5-10 + 6.75 906:907 833,54 - 8 | 665:931 Official closing (sm): Cash 907-7.5 (908.6-8); three months 922-2.5 (921-1.5); settlement 907.5 (909). Finel Kerb Close: 934-4-5.

Standard 887-90 +3 886.5/888.5 mentina 914-4.5 +8.75 Official closing (am): Cash 886-6 (886.5-7); three months 911-3 (911-2-6); settlement 886 (887). US Producer prices 61.5/86.5 cents per pound. Total turnover: 22000 toanes.

	Unofficia clase (p. # per	tonne	High/Low
Cash months	336.5-7 320-9,5	+0.98  +1	332/529
(335-6): 7.76); ac Closs; 33	three mo triemen 3 0-30.5. Ti	nthe 329.1 38 (398).	Cash 337-8 5-30 (327.5- Finel Kerb 450 tennes. ound.

NICKEL

	to best matter	1
Cash	2555-55 1+25	2565;258
3 rporths	2595-600;+29	2600/258
Official	ologing (sm); Co	teh 2565-7
(2536-40):	three months 28	01-5 (2568
7); setzles	nent 2570 (2540).	Finel Kerl
Close: 280	18-06. Turnover: 13	380 tonnes
TIN		

KUALA LUMPUR TIN MARKET: Close 15-95 (15.94) tinggit per kg. Up 0.1 tinggit per kg.

High erade	close (p.r	High/Lov	
Cash 5 months	572-2.5 560-1	<u></u> 1 3.70	574/571 566/550
(676.5-7): sallement 569.5-0.	three mo 571 (577) Tumover: extern: 4	nthe 561 Final K 10,900 t	-2 (663-4) Cerb Close onnes. Ut

	GOLD
	Gold rose Just \$5 en ounce from
	Monday's close in the London builton
ı	market yesterday to finish at \$391- 3912. The metal opened at \$3874-
•	387% and praced between a high of
	\$3914-3915 and u low of \$387-3874.
	Gold recovered from early levels helped
	by a small recovery in pistinum prices.
•	There was also some reaction after
	Monday's sherp decline to below \$400.

BOLD BULLION (fine ounce) Nov. 16 GOLD AND PLATINENS COURS Am Engle..\$406-411 Maplelanf \$401-4-405 Kr'g'r'nd... \$366-389

aliver was fixed 4.5p an ounce lower for epot delivery in the London buillion market yesterday at 391,55p. US cant equivalents of the fixing levels were: epot 657e, down 8.65c; six-manth 573,15c, down 8.65c, six-manth 573,15c, down 8.65c. The metal opened at 3872-3914p (553-655c) and closed at 386-390 (553-655c). SILVER Buffion + or L.M.E. per Fluing troy oz Price Unoffici'l

LIME—Turnover: 10 (41) lots of 10,000 oz.
Three months bigk 402p, low 398.5p, final keyb 398-401p.

SOYABEAN MEAL

## Prices moved lower on protessional selling with light especulative support evident, 1,000 June call options traded at 64 premium, otherwise volume was light, reports Muirpacs.

Y'sterd'ys + or Business per torse 151.4-155.5 — 1.25 155.6-155.7 — 0.65 155.6-155.5 — 0.75 155.5-150.6 — 0.75 155.5-150.6 — 0.75 156.9-151.5 — 0.25 156.0-151.5 — 0.25

Sales: 1,200 (100) lots of 20 tonnes.

#### RUBBER

PHYSICALS — The London merket opened about unchanged, drifted lower throughout the day and closed easier, reports Lawie and Pest. Closing prices (buyers): Spot 63.50p (64.50); Dec

#### US MARKETS INDICES

REUTERS

DOW JONES

Nov. 18 Nov. 17M th ago Year ago

1610.7 1608.1 1568.5 1764.8

(Gese: Saptember 15 1931 - 100)

Dow | Nov. Nov. With Year Jones 17 14 ago ago

Spot 118.08 120.14 - 118.59 Fut ,117.38 116.47 - 120.10

(Sass: December 31 1931 = 100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

Copper 2909.76 +2.76£927.5
Cash Grade A 2909.76 +2.76£927.5
3 mths 2923.76 +6 2931.72
Gold Troy oz 2620.25 +0.1253425.65
Lead Cash 2526.76 +2.75£206.5
3 mths 2529.26 +1 2505.5

Oopra (Phil) | 8260y |+30 | \$200 Soyabean (U.S.) | \$156y |-1 | \$153

Nov. 16 + or Month 1986 — ago

AGAINST A background of another dramatic drop in stock index values, New York gold futures managed to post gains of over \$5 in the December position as the technical weakness of the market since the end of last market since the end of list week encountered good support after Far Eastern and European spot markets had approached key areas around \$385 per ounce, reports Heinold. Dealers noted some switching out of the December position ahead of the first notice day later in the month. Rumours, etil unsubstantiated at the close, that the IBC president had left his post accelerated

that the IBC president had left his peet accelerated another weak day on the coffee market, with December values hitting new lows at 142.50c per pound as stops were activated around 145.00c. However, short-covering and rumoured trade support rallied the market. Dealers were still reporting a very nervous atmosphere in what remained a thin market. Crude oil prices faltered a little, with December delivery prices slipping over 20c at one point before finding good speculative support, which saw values recover to \$15.60 towards the close.

**NEW YORK** 

Barley Fut. Jan.:£111.85 -0.18.£111.80 Maize £165.00 -0.5 £145.00 Wheat Fut. Jen.:£110.65 -0.39£110.35 No. 2 Hard Wint. \* Unquoted. † Per 75-lb flack. c Cents pound. \* Cotton outlook. y Nov-Occ. v Dec. s Jan-Fab. x Dec-Jen. u Jen. COCOA 40 tonnes, \$/tonne

61.75p (62.75p), Jen 62.00p (63.00p), The Kuale Lumpur tob prices (Melay-sien cents e kilo): RSS No 1 216 (221) and SMR 20 198 (198), FUTURES—Index 652, Dec 638-641, Jen.March 648-651, April-June 658-851, July-Sept 860-674, Seles; D. CRUDE OIL (LIGHT) 42,000 US gallons, \$/barrels. COTTON 50,000 lb, cents/lb High Low Prev 48.45 47.58 47.40 48.70 48.00 47.72 48.75 48.25 47.30 46.06 48.60 47.95 40.70 50.16 49.80 - 50.25 - 50.50

GOLD 100 troy oz. \$/troy oz

Further liquidation met scale-down trada buying in good volume, reports Drazel Gurnhem Lambert. In snother highly volatile trading day, prices opened higher then expected, Sading short-covering from Monday. After gains of up to £87 the bear mood of the market took over sgain and by prid-attendom, sided by so locreasingly weaker New York market, London tost up to £105 from the bight. Further light short-covering on the close pushed invest higher. Nov 2080-26 -18.5 9080-2000 Jan 1870-71 -88.5 9046-1940 Mar 1820-25 -20.5 1990-1890 July 1960-70 -20.0 8020-1940 Nov 1950-80 -25.0 8005-1980 Nov 1950-80 -25.0 8001-305

Seles: 9,454 (5,781) fote of 5 tonnes. ICO indicator prices (US cents per pound) for November 17: Comp. delly 1578 139.41 (146.47); 15-dey average 155.01 (167.61).

Seles: 2,410 (2,003) lots of 10 tonnes. ICCO Indicator prices (US cents per pound). Oally price for November 16: 53.33 (94.75); five-day everage for November 19: 93.37 (92.96).

#### **POTATOES**

## 2 per tonne

## 2 per tonne

## 2 per tonne

## 2 per tonne

## 3 per tonne

## 4 per tonne

## 5 per tonne

#### GRAINS

LONDON GRAINS—Wheet: UE 0erk
Northam Spring No 1, 15 per cent:
Dec 107.25, Jan 108.75, Fab 110.00.
UE No 2 Soft Red Winter: Jan 108.50,
Feb 110.25, French 112-12 per cant:
Dec 140.50, English feed, 10b: Nov
111.50-112.00, Dec 113.00-113.50, Jen/
Merch 115.00-115.50, April/June 118.75118.00 buyer/sellers East Coacst. Malze:
US No 3 Yallow/French, transhipment
East Coast: Dec 143.00, Barley: English
feed, fob: Nov 112.25 buyer Scottish,
Jan/Merch 115.50-116.50 buyer/sellere
English/Scottish.

 Mov...
 108.80
 -0.16
 109.30
 -0.20

 fan...
 110.65
 -0.20
 111.85
 -0.15

 Mar...
 113.60
 -0.30
 113.95
 -0.25

 May...
 115.80
 -0.15
 113.20

 July...
 117.50
 -0.16
 -0.16
 -0.15

 Sep...
 101.50
 -0.9
 101.50
 -9.16

 Nov...
 103.75
 -0.85
 101.80
 -9.86

Latest (19th Low Prey 44.45 44.60 44.06 44.74 45.65 45.10 45.15 45 an Dec

42.85

Close 483.7 487.2

PLATINUM 50 troy oz, \$/troy oz

High Low 489.0 482.5

Following Monday night's strong close and a firmer Outch market trading OFIG.5 up, London poened firmer at £154 with nervous shorts covering positions. Trede was brisk on the opening but the market found selling pressure at £156.50. Little interest was seen in the attempoon spart from heavy

Seles: 1,000 (1,172) lots of 40 tonnes.

Susinese done—Whest Nov 108.25-6.10, Jen 110.95-10.00, Mar 116.90-3.60, May 118.16-5.80, July 177.50, Sept. 101.55-1.50, Nov 103.75, Selse: 284 lots of 100 tonnes. Barley: Nov 103.55, May no traded, Sept. 101.80-1.50, Nov 104.70-1.80, Sales: 61 lots of 100 tonnes. Old crops, efter early trades at unchanged levels, essed on shippor selling, but short-covering kept November steedy. New crops assed on country bedge salling, reports T. G. Roddick. HGCA—Locational ex-farm spot prices (including co-responsibility lavy of 63.373 a tonne). Feed barley: W. kilds 108.40, N. West 105.90. The UK tronstary coefficient for the week beginne Monday November 24 (besed on NGCA calculations using five days' exchange rates) is expected to change to 1.239.

Oated North Sea crudes remeined strong, commanding \$15 a berrel or more. Fifteas-day Brent trading was thin with all months talking within a 15c price renge. December WTI opened 22c down on Nymex end recovered silehtly to trade only 10c down at 1.30 pm EST. In the petroleum products merket prompt gas/oil and gasoline remeined steble in this trade. Nephthe firmed on builteln earniment and light prompt evallability. Fuel oil remeined firm in telk but little was traded—Petroleum Argus, London. Latest + or

CRUDE OIL-FOR (5 per barrel)-Dec. Arab Light \_\_ Arab Neavy\_ PRODUCTS—North West Europe
Prompt delivery cif (5 per tonne)
Premium gesolion | 147-151 |
Gas Oil | 185-127 |
Nasyr tuel oil | 77-79 |
Nasyr tuel oil | 130-136 | +4

**GAS OIL FUTURES** 

UE \$ Turnover: 1,830 (2,465) fota of 100

HEAVY FUEL OIL

LEADED GASOLINE

151.00 Feb .....

7.04

Close High: Low
Dec 286.4 286.5 282.0
March 274.0 274.0 270.2
Mary 256.2 259.2 256.2
July 246.6 247.0 244.4
Sept 245.4 246.0 253.0 253.0
Dec 253.0 253.0 253.0
SPOT PRICES—Chicago loose
13.00 (same) cents par pound. I and Narmen silver bullion
(552.0) cents per troy ounce. (562\_0) cents per troy ounce. MEAT COMMISSION—Average fat-trock prices at representative markets. 58—Cattle 92.30p par kg lw (-1.01), 38—Sheep 170.19p par kg est dow (+3.48), GB—Pige 77.28p por kg lw (-0.15). FUTURES—Live cattle: Nov 96.30, salas 15.

THER CL

MONE

LO1

SUGAR

MEAT

PARIS—(FFr per tonne): Dec 1214-1215, Merch 1240-1244, Mey 1280-1285, Aug 1310-1315, Oct 1345-1365, Dec 1398-1405. \$ per tonne

Tec.	159.2-157.4	154.0-155.67	155.8-155.9
Mar.	159.5-156.2	147.8-149.0	156.8-148.9
May.	155.9-156.2	147.8-149.0	156.8-148.9
May.	155.9-156.2	154.6-154.4	154.8
Aug.	159.9-159.2	154.6-154.4	154.8
Dec.	159.0-159.3	159.0-157.8	
159.0-159.3	159.0-159.0		
Mar.	171.8.172.6	168.0-172.0	171.8-179.8

## LONDON DAILY PRICE—Rew super \$147.80 (£103.60), up \$7.00 (up £1.00) e tones for Oscamber-Jenuery delivery. White super \$180.00, down \$2.0. Salea: 6,835 (1,856) lots of 50 tones. Sales: 6,555 (1,556) NOS UT COMPANY TO COMPANY TO COMPANY THE COMP Yest'rdy's + or Busines close Done FREIGHT FUTURES | Close | High/Low | Prev. U5 \$ Tureovar: 273. I Close | High/Low Prev. Nov. 880/910 Dec. 108611085 Jan. 1050/1075 Mar. 1050/1096 877. 910.5 JUTE

tions on a new rubher agreement. if both sides agree, the coming talks would be the fourth round—the third round having ended inconclusively in

Geneva last month, with producers expressing frustration over new demands put forward by the consuming countries. Mr Manaspas Xuto of Thailand, chairman of the rubber negotiations in Geneva, will be in the Malaysian capital to

bring together the producers and consumers for informal

Trade and Development cally given up all their posially, they wanted an upward (Unctad), which is keen to tions at Geneva," and the ball revision of 25 cents.

BY WONG SULONG IN KUALA LUMPUR gested dates from January to March next year.

natural resource industries," hs

Hopes that a fourth round of talks could be agreed in Kuala Lumpur were also boosted by the fact that senior delegates from both producing and consuming participants, in the Geneva talks, would be attending the Inro council meeting.

The current agreement will expire in October next year,

after being extended for two years. If no agreement is reached, the 370,000 tonne rubber stocskpile would have to be liquidated among Inro mem-bers, a prospect which pro-ducers want to avoid. "We are interested to have a

bring about another round of was now at the feet of the con-negotiations and which has sug-sumers,

Consumers have indicated that they are prepared to discuss the possibility of a new rubber agreement, but the Malaysian official said: "If they want to make major official changes to the agreement, we are not interested."

optical fibres, while superalloys and composites were the wave US, we should get nut of the

or sell. discussions on the subject.

He is expected to be assisted by e senior official from the United Nations Committee on said the producers "had practicents a kilo unchanged. Origin-

Talks may revive rubber pact hopes

The main obstacle at the moment is the consumers' demand for major changes to article 32, governing the reference price. They want far reaching changes in the price adjustment mechanism, includ-ing a minimum 5 per cent auto-matic price revision whenever the market price during the six month period preceding a price review on average exceeded the trigger levels at which the

bufferstock manager has to buy tunce coins have risen sharply in the past few weeks, however, to make up a short-fall in supplies of the new

#### **CURRENCIES, MONEY & CAPITAL MARKETS**

#### FOREIGN EXCHANGES

apel 18 18

STATE IT

LE COR B. Comp.

A CONTRACTOR

is all SM BM

iGO

7.54

### Dollar nervous ahead of GNP

early strength meant that the pound showed little overall change against most. European currencies. However, it failed to make much headway during the day and closed weaker from Monday but little changed from the opening.

News of a 19m PSBR figure for

News of a 19m PSBR figure for October was much in line with expectations while tomorrow's UK money supply figures were regarded as important but difficult to interpret due to a change in the secounting period. The pound closed at 31.4235 down from \$1.4285 and DM 2.8630 from DM 2.8750. Against the yen it eased to Y231.50 from Y232.50 and SFr 2.3825 compared with SFr 2.3925. Against the French franc it closed at FFr 9.38 from FFr 9.4175.

D-MARK—Trading range against the dollar in 1968 is 2.4716 to 1.9740. October average 2.6038.

Exchange rate index 142.5 against 13.4.9 six months ago.

Exchange rate index 142.5 against 134.9 six months ago.

The D-Mark recouped earlier losses against the dollar as demand for the US unit wained ahead nt today's third quarter US

GNP revision. Early demand on

1.4185-1.4250 1.9632-1.9711 3.234-3.244 59.52-59.29

211.57-213.11

13470-1399

1.3470-1.3556 1.3822-1.3844 2.2726-2.2875 41.87-42.65 7.5314-7.644 2.0100-2.0236 1484-14934 135.37-136.21

1591-1401/2 7.504-7.544 6.584-6.624 6.937-6.97 162.55-163.15

Short

**EURO-CURRENCY INTEREST RATES** 

10+10 664 74-84 52-59 4-1 42-45 7-74 9-10 7-74 7-74 8-44 8-9-8 664

1.424 2.665 23L5 9.360 1 2.013 162.7 6.590

Long-term Eurodollars: "Yero years 6%-6% per cent; three years 7%-7% per cent; four years 7% per cent; five years 74-6 per cent nominal. Short-term rates are call for US Dollars an impanese Yero others, ten days' notice.

Nov 18 E S DA YEM F Fr. S.Fr. H FL Lies CS B.Fr.

1.066 1.518 3.054 246.E 10 2.540 3.451 2112 2.076 43.54 0.420 0.597 1.203 97.17 3.937 1 1.359 831.7 0.825 25.04

0.505 0.718 1.446 116.8 4.734 1.202 1.634 1000 0.992 30.10

192.75-193.55

EMS EUROPEAN CURRENCY UNIT RATES

43.1139 7.81701 2.11083 6.87316 2.37833 0.764916 1476.95

POUND SPOT—FORWARD AGAINST THE POUND

1.4230-1.4240 1.9690-1.9700 3.234-3.244 59.60-59.70

1.0510-1.0520 2.85-2.87 212-24-213.11 192.86-193.16 1961-1962 10.77-1.10.72 9.572-9.389 9.884-9.894 231-222 20.16-20.19 2.574-2.384

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

THE DOLLAR surrendered early gains in nervous trading ahead of today's release of US third-quarter GNP revisions. Expectations of a 26 per cent increase compared with n previous 24 per cent encouraged traders to cover short positions during the morning. However, this appeared to be the extent of the dollar's advance and its failure to hold above the DM 202 level prompted renewed selling in the afternoon.

There appeared to be little depth to the dollar's early rally with the market still concerned about the size of the US trade deficit and budget deficit. In addition both Japan and West Germany continued to show healthy trade surpluses and this appeared to be psychologically important even though a majority of US imports do not come from those two countries. Today's closure of West German centres and a decision by the Bundesbank not to hold a press conference after tomorrow's meeting of the central council also affected dollar sentiment.

The dollar touched a high of DM 20125 compared with DM 20130 on

20125 out came back to linish at DM 20125 compared with DM 20130 on Monday. Against the yen it was also little changed at Y162.70 from Y162.75. Elsewhere it closed at SFr L6740, unchanged, and FFr 6.59 from FFr 6.5925. On Bank of England Summer the deliums exphange references.

from FFr 6.5925. On Bank of England figures, the dollar's exchange rate index was unchanged at 1112.

STERLING—Trading range against the dellar in 1986 is 1.5555 to 1.5760. October average 1.4270. Exchange rate index 68.2, unchanged from the opening but down from 68.5 on Monday. The six months ago figure was 76.0.

Sterling opened on n weaker note against the dollar but the latter's

Nov 18	Latest	Previous Ciose
£ Spet	1.4210-1.4220 0.56-0.53 pm 1.79-1.74 pm 6.35-6.25 pm	1.4225-1.4235 0.57-0.56 per 1.78-1.77 pm 6.40-6.33 per
Forward pren U.S. dollar.	niums and discoo	ints apply to the

68.2 68.2 68.3

STERLING INDEX

•	1.00 pm 2.00 pm 3.00 pm 4.00 pm	=	68.3 68.3 68.2 68.2	68.4 68.3 68.4 68.5
	CURRENC	YR	TES	
	Nov. 18	Sant rate %	Special Drawing Hights	Correcty Unit
	Sterling U.S. Dollar Cernatign S Anotrian Sch. Belgian Fronc Deutsche Mark Hesti, Gollder French Plant, Isalian Urs Biorvay Krone Biorvay Krone Biorvay Krone	558 4 8 7 3 4 3 1 3 a	0.843127 3,19918 17,0499 50,3296 9,15814 2,73473 7,92418 167,63 195,227 9,03462	0.725742 1.03128 1.42688 14.6751 43.3086 7.87381 2.08370 2.95441 6.81830 1443.53 168.0667

CURRENCY I		
Hammber 18	Bank of England	Morgan -Copracty Changes %
Sterling	68.2 131.2	-25.2 +3.2
Caparing Dollar	77.6	-124
Austrian Schilling	133.5	+9.2
Beiging Frenc	97.4	-5.6
Demisis Krone	89.9 142.6	+22
Deutsche Mark	166.4	+19.7
Supply	130.8	+132
French Franc	70.8	-12.6
Live	48.2	-15.5

Mov. 10	€ .	\$
Argentins -	1.6340-1.6410	1.1490-1.753
Australia	22115-22145	1.5550-1.556
Best	19.93-20.06	14.02-14.09
Finted	7.0280-7.0990. 195.73-199.25	137.89-140.2
Hong Knog	11.0735-11.0845	7.8010-7.803
Land Land	111.20	77.00*
Kennit	0.4165-0.4170	0.29280-0.293
Transmission S	59.60-59.70	41.85-41.95
Malaysia	36990-3.7045	26040-2606
N. Zealand	2.7590-2.7565 5.3200-5.3245	1.9400-1.943 3.7500-3.750
State Ar	31135 31185	21925-2194
5. Al. (Ca) -	31725-31955	2.2370-2.242
S.AL (FR)	6.3968-6.6AT5	4.4945-4.706
UAE	52240-52290	34725-3479

weighed Exchequer transactions adding £215m to liquidity and a fall in the note circulation of £40m.

ibly in the early part of next year.

The Bank of England initially forecast n market shortage of £200m, but revised this to £300m at noos, and to £250m in the afternoon. Total help of £288m was provided.

Before lunch the autharities bought £238m bank bills in bank 4 at 1012 per cent. No bills were

FINANCIAL FUTURES

#### PSBR fails to lift gilts

LONG-TERM glit futures weakened on the London International Finantical Futures Exchange yesterday. fall to 107-27 in long-term glit futures around the middle of the day's range for Decamber delivery at yester of 38.67 to 38.74, and compared with varied widely from about 5750m to a net repayment of 5500m, and the contract fell to a low of 107-22 in long-term glit futures are payment of 5500m, and the contract fell to a low of 107-22 in long-term glit his was still was generally considered encouraging the market appeared to be a little disappointed. This may have reflected the fact that Government by revenue caused by consumer spending Longer term cash prices fell by about 12 point, and futures prices also declined.

The weakness of starding in early fall, opening weak at 82.71. The contract also closed at that level, around the middle of the day's range of 38.67 to 38.74, and compared with 107-22 compared with below the strong opening of 98.90.

Wolme of 12,576 for the December from a technical downward torrection, after recent gains, there was also evidence of position squared in the level of trading, with dealers suggesting on US third quarter gross national product growth. December US bonds closed at 193-24 on Liffe, compared with below the strong opening of 98.90.

The weakness of starding, led to a tract also closed at that level, around the middle of the day's renge of 38.67 to 38.74, and compared with below the strong opening of 98.90.

Wolms of 12,576 for the December through the fall to a low of 107-22.

The weakness of starding, led to a surround the middle of the day's renge of 38.67 to 38.74, and compared with below the strong opening of 98.90.

Street payment of 5500m, and the contract fell to a low of 107-22.

US Treasury bond frimes were firmed to 107-22.

The contract also closed at 107-22 and the middle of 107-22.

The weakness of starding, led to a low of 107-25.

The contract also closed at 107-25.

The contract also closed at 107-25.

The contract also closed at 107-25.

The contract also clo

expectations of an upward revision saw the dollar fixed at DM 2.0198 up from DM 2.0096 and there was no intervention by the Bundesbank. The dollar touched a high nf DM 2.0235 but with dealers squaring off ahead af the announcement so demand dried up and the dollar eased back to close at DM 2.0155, unchanged from Manday's close. Sentimeat was also influenced by the Bundesbank's announcement not to hold 2 press conference after today's meeting of the central council.

JAPANESE YEN-Trading range against the dellar in 1986 is 202.76 to 152.35. October average 156.36.

compared with Y152.50 in Tokyo on Monday. Elsewhere the D-Mark fell to Y80.76 from Y81.03.

% change adjusted for divergence +1.06 +1.34 -0.46 -0.19 -0.40 +0.54 -1.93

1.60-1.75 pm 1.57-1.22 pm 5-4 pm 70-40 pm 5-32; pm 6.72-1.06 de: 47-42; pm 206-327 de: 34-124 de: 5-1 pm 9-1.8 de: 74-75-204 57-4-404 41-75-204 294-25-2 pm 41-75-2 pm 41-75-2 pm

94 499 0.15 -0.55 -1.63 3.59 10.17 -6.32 -2.10 -1.75 -1.76 -1.76 0.85 -2.16

THREE-MONTH EN

POUND—4 OFFRENCH EXCHANG

LIFTE-STEELING SZS,000 S per £

LMCSI High Low Prev 1/175 1/190 1/4155 1/4200 1/4000 1/4010 1.9775 1/4025 1/8015 1/3815 1/3815 1/3850

-215

free central rate +0.45 +0.73 -1.29 -0.80 -1.01 -0.07 -2.26

0.61-0.58c pm 0.49-0.40c pm 2-11-c pm 30-10c pm 30-10c pm 0.27-0.50c ds 14-13-pf pm 70-110c ds 16-53c ds

Three Months

11.1.114 6-61 84-82 5-5-5-3 31-4 4-43 8-84 104-104 74-72 74-72 74-73 104-105 6-64

114-112 64-2 54-52 54-52 37-4 4-4 68-10-10-74-72 74-73 43-411 10-10-10-

2363 3.238 1962 1.965 99.65 1.674 2.274 1372 1.380 41.90

80.80 3.274 0.832 1.130 693.6 0.686 25.82 1000 40.52 10.29 13.98 8539. 8.468 257.7

114-114 64-64 54-64 54-62 38-4 49-44 8-84 10-104 74-74 64-62 64-62

to 152.25. October average 156.26. Exchange rate index 206.4 against 206.9 six months ago.

Trading was confined to a narrow range in Tokyo with the yen aboving little movement against the US dallar as speculators awaited today's release of revised third quarter US CNP figures. The dollar closed at Y162.65 down from Y162.95 in New York and compared with Y162.50 in Tokyo LIFTE LANG GILT FUTURES OPTIONS LIFTE US TREASURY DAME PUTWICE OPTIONS LIFTE FT-SE 200 SIDEX PUTWICE OPTION Strice Price 1.35 1.40 2.45 1.90 Provious -Last Feb. 1.10 2.90 6.00 128 643 883 252 335 747 March 7.30 3.50 1.60 0.65 0.25 0.95 4.05 8.45 7.00 2.45 0.45 0.25

LONDON CHICAGO Close High Low 107-25 107-29 107-20 107-26 100-01 107-27 107-26 12,650 (9,452) Latest High 0&150 0.6154 0.6172 0.6193 0.6195 92.27 22 94.24 95.34 95.30

U.S. THEASURY BILLS (MOIL) Slap points of 200% High 94.71 94.79 94.76 94.57 94.68 94.77 94.74 94.55 94.25 0.5977 0.6006 0.6008 0.6065 0.5953 0.5960 0.605 0.605

21.508 15 20 7 330 7.70 17 3.30A 2.10 3.10 5,750A 10.50B FL225 FL290 FL296 FL296 FL296 FL296 FL290 FL296 FL295 12 155 - T 57 120 -195 13 III III 6.80 5.20A 2.20 FL74.40 FI.96 100 344 3
150 344 3
150 353 530
150 61 0.00
150 62 0.00
175 291 5
140 76 150
145 1509 250
145 1509 250
145 1509 250
150 757 550A
200 259 150A
400 144 550
400 144 550 FL45.40 FL44.20 FL208.70

**EUROPEAN OPTIONS EXCHANGE** 

**BASE LENDING RATES** Mat Bit, of Kuwait

Nat Bit, of Kuwait

Victional Girchark

Nat Westninster

Horthern Bank Ltd. Castroit Savings
City Merchants Bank
Chylestole Bank Allied brish Bas American Exp. Bit.... Novo Barik Co-operative Bank acial & Gen. Sec... Bank of Cypros ... Bank of Ireland... First Mat. Sec. Ltd.\_\_ UDT Mortgage Exp. \_\_\_\_ 12.25 United Bk of Known \_\_\_\_ 11 United Mizzahl Bank \_\_\_\_ 11 Bank of India. Bank of Scotland

Banque Beige Lad

Bancleys Bank

Benchusark Tst Lad Heritable & Gen. Tst.... Members of the Acception Houses Committee. \*7-da deposits 5.69%. 1-month 7.03 / His Sames
C. Hone & Co
Hongkrop & Shangh'
Knowsley & Co. Let
Liggts Bank
Masse Westpac Ltd.
Masse Westpac Ltd.
Masse Bank Houses Chrimithee. "7-lay deposts 6.69%. I-month 7.03 A. Top Ties—62,5004 at 3 months' notice 20,0004. At call when £10,0004 remains deposited. ‡ Call deposits £1,000 and over 64% gross. § Mortgage base rate, § Oemand deposit. 6.69%. Mortgage 124%. Cl. Busk Nederland \_\_\_\_

This announcement appears as a matter of record only.

## First Interstate Capital Markets, Inc.

250,000 Warrants to Purchase 71/4% U.S. Treasury Notes Due November 15, 1996

250,000 Warrants to Purchase 71/2% U.S. Treasury Bonds Due November 15, 2016

250,000 Warrants to Purchase either the 71/4% U.S. Treasury Notes orthe 71/2% U.S. Treasury Bonds

Selling Group

First Interstate Capital Markets Limited

Banque Paribas Capital Markets Limited

Barclays de Zoete Wedd Limited

Istituto Bancario San Paolo di Torino The Nikko Securities Co., (Europe) Ltd.

Orion Royal Bank Limited

S. G. Warburg Securities

November 1986

#### **MONEY MARKETS**

#### London remains quiet and steady

INTEREST RATES showed little change on the London money market yesterday. Three-month interpolated at 11%-11% per cent, compared with 11%-11% per cent on Monday. It touched a peak of 11%-11% per cent in early trading, as sterling opened weaker on the

UK clearing hank base lending rate 11 per cent since October 15

foreign exchanges, but generally traded at 111, 111, per cent, before easing slightly towards the close. There was virtually no reaction to the encouraging UK public sector borrowing requirement of 19m in October, with dealers not seeing the earn indication of an early cut in October, with dealers not seeing it as an indication of an early cut clearing bank base rates. At the same time fear of a rise in base rates have tended to recede, against a background of speculation about a general election. possibly in the early part of next year. The Bank of England initially forecast n market shortage of £200m, but revised this to £300m at noon, and to £250m in the afternoon. Total help of £288m was provided.

0.509 0.724 1.458 117.8 1.676 2.386 4.803 388.1

In Frankfurt call money eased to
440 per cent from 445 per cent,
bringing the rate into line with that
paid at the West German Bundesbank's securities repurchase
agreement tender. Bidds at the tender totalled DM 17.45m, and the
Bundesbank allocated DM 3.5m at
440 per cent, campared with a
minimum bid level set by the central bank of 430 per cent. Banks tral bank of 430 per cent. Banks will receive the funds tomorrow, because today is a public huliday in West Germany. The agreement will run for 27 days.

4.774 15.73	1. <u>212</u> 3.994		1008. 3322.	1 3.294	30.36 100	Mar. June Estimated	1.4013 1.3850 Values 9 Q	Ξ,	1.40
1,000;	Belgian F	r per li	00.			Previous d	by's open be	1'227 0'24	ນ
F	T LONE	ON I	NTER	BAN	K FDON	G			
_	(11.00 a	Mr. Horl	28) 5 may	ubs U.S	s. dollars		6 eronales l	S. dollars	
_	bid	6	_	Offer	64		W 6	Offe	64
Pa	e banks and Mo MONEY	e Nation organ Co	wester	<b>HISTORY</b>	Bank, Basi	n reference i k of Tokya, i	Designe Sa	nk, Banque i	lationale
	EW YO				worth		U7 Taree	Boods year	
F .	fenę rate — wicer lone, ra vi., funds — vi., funds at h	·	_ 7:7\i	Six	ee moath	=	AS Flory A2 Seven	Jear	= {
	Nos.	18	Overz	ight	One Month	Two Months	Tires Months	Six Moeths	Lomba Interven
	addat		435		4.45-4.60	4.504.75	4.60-4.75	4504.75	55
	rick		- 7	14	261-34	77-772	74-73	712-712	<u>'</u>
	esterdan		_ 62	<b>64</b>	54-56	-	57.54	-	_
	kyo		101	575 J	4,40625	=	43975	_	_
8	wsels		_ 56	5	74-74		73.72	=	=
Du	tille		13-1	34	134 137	13월-13월	137.14	137-J4	_

						_	
LONDON MONEY RATES							
Nov. 18	Over- night	7 days series	Month	Tiree Months	Six Months	Que Year	
Interbank Sterling CDs. Local Authority Beneits Local Authority Beneits Local Authority Beneits Sterling Beneits Firance Hease Deposits Firancey Bittls (Day) Sank Bittls (Day) Fire Trade Bittls (Bay) Dollar CDs SDR Linked Deposits ECU Linked Deposits ECU Linked Deposits	12-7 10-44 10-10	104-105 105- 105- 105- 	101:104 104:108 104:108 114 106: 11 107: 104 114 115 500-59 64-6 74-74	11-112 112-112 112-112 112-112 114-114 108-114 108-114 108-118	113-113 114-113 114 114 114 114 105 105 105 105 105 105 105 105 105 105	11-11-11-11-11-11-11-11-11-11-11-11-11-	

Treasury Bills (self); one-month 10% per cent; three-months 10% per cent; Bank Bills (self); one-month 1011; per cent; three-months 10 6388 p.c. ECGs Fixed Finance Scheme IV reference date Oxinder B to 3.1 (inclusive); 11.237 per cent. Lord Finance Houses seven days' notice, others seven days' seven days' notice, others seven days' seven days' notice 4.33-4.375 per cent. Certificates of Tax Deposit Scries 6): Deposit Since for saves at seven days' notice 4.33-4.375 per cent. Certificates of Tax Deposit Scries 6): Deposit Since for cent; one-direct months 11 per cent; three-six months 11 type cent; per cent; pine-12 months 11 type cent; pine-12 mo

DE POUT OF

Financial Times Wednesday November 19 1986 100 - 22 6.9 - 20 24 - 21 17 48 - 22 17 27 - 23 17 27 - 300 16 30 - 300 0 134 - 300 0 17 186 - 300 0 17 186 - 300 0 17 186 - 300 0 17 186 - 300 0 18 131 | Miscellanteous | printing | pri 060c 4.4 9.9 41.0 1.0 020c 0.7 22.0 2.4 4.6 034.4133 theleasy otherwise indicated, prices and met dividents are la pasce and deveronateurs are 25a. Estimuted proprietants professantings ratios and covers are bessel on intest amont reports and accounts and, where provide, are syndred on hulf-devel towards and unrelieved ACT where share help computed no profit of the huntin and unrelieved ACT where share help computed no profit of the huntin and unrelieved ACT where share help computed no profit of the huntin and unrelieved ACT where share help computed no profit of the huntin and unrelieved ACT where share help computed on helf distribution. Overs are based on "mankings" distribution, a coverage and share and allow for state of distribution and rights.

It is a share hand on middle prices, are gross, adjected to ACT of 29 per cent and allow for swales of declared distribution and rights.

Interior share increased or returned.

Interior share another.

Interior share increased or returned.

Interior share another share another and tompuny not state state and elegant or reputation as igned sacratiles.

In price at given of segmention.

In price at given of segmention in progress.

In price the entire share another reduced amoning indicated.

In price the reduced of secretaria.

In price of secretaria of segmention of segment for dividend at a february based on progress and towards and yield and another state and price "Recent Issues" and "Rights" Page 42
(International Edition Page 40)

This service is available to every Company dealt in an Shock Exchanges throughout the United Kingdom for a fee of £875 per

higher at 567p. Petranol, however,

ran back 6 to 50p pending the out-

#### LONDON STOCK EXCHANGE

tions Dealings Day Nov 20 Nov 21 Dec 1

415p; just over three weeks ago, Saul Steinberg announced that he totended to seek greater control

of Mercury by raising his share

holding to more than 15 per cent. Morgan Grenfell's recent recovery

merger with Exco induced selling of the shares which closed 14

down at 418p. Lleyds rose 7 to 425p following lunch with brokers Hoare Govett. Other clearers

drifted gently lower for want of support. Barclays relinquished a

Against the dull trend in Insur-

ances, Equity and Lew rose 5 to 297p in response to revived speculative support. Composites gave ground throughout with General Accident notable for a

Breweries were irregular. Lead-

ing coocerns drifted lower for want of attention, although Whit-

bread A hardened a penny to 270p

awaiting today's half-timer. Guinness fell 5 for a two-day decline of 14 to 329p amid talk that

Kleinwort Grieveson are prepar-ing a bearish circular on the com-pany. Regionals, in contrast,

attracted revived takeover secula-tion, although gains were again sometimes exaggerated by stock shortage. Dorset-based Eldridge

shortage. Dorset-based Eldridge Pepe came to the fore and advanced 13 to 430p, while Merland, 360p, and Hardys and Hansens, 630p, put on 15 and 20 respec-tively. Buckleys, however, eased a couple of pence to 150p, despite

news that Bestwood has increased

George Wimpey easier
Leading Building issues suffered from a lack of investment

fered from a lack of investment interest. George Wimpey drifted lower in the absence of support and closed 5 down at 186½p, while Alfred McAlpine slipped 5 to 400p. Elsewhere. Engby Fortland Cement edged np 1 to 175p, while Marley firmed 2 to 125p on news that investment portfolios managed by Mercury Warhurg Investment Management and Rowe-Mullens Investment Management and Rowe-Mullens Investment Management bolding to 15.01 per cent. Polynips shed 2 to 163p

per cent. Polypipe shed 2 to 163p following details of the acquisi-tion of Paragon Plastics and Pro-cell Plastics for a combined con-

Helical Bar specumbed to profittaking and came back 15 to 470p.

Against tha trend in a subdued

Chemical sector, Laporte attracted revived demand and rose 8 to 407p, while Brent improved 4 to 147p.

Leading Stores succumbed to the malaise. Burton cheapened 11/2 to 2641/2p ahead of tomorrow's

annual figures, while Dixons lost 4 at 325p and Storehouse declined 5

at 300p. Elsewhere, Goldsmiths attracted renewed speculative support and closed 8 higher at 226p, while S. Casket were also

FT-ACTUARIES INDICES

Stores mixed

fall of 10 at 813p.

Another nervous session in the again shying away from its fears that the Boesky affair might prompt a sell-off on Wall Street, and Govern-ment bonds looking unsettled by a

dull performance by the pound. Los-ses were modest in both sectors, but share prices ended at the day's lows despite a steadier close in gilt-edged sponding to reports of selling pressure at the close on Wall Street. The absence of firm news from the Opec pricing meeting fuelled bearish comments from oil industry analysts, and British Petroleum and Deball absolute learns. Impacted

Britoil shaded lower. Imperial Chemical Industries saw some selling again, but Glazo Holdings were a streether market The equity market tried to rally but grew increasingly nervous ahead of Wall Street's opening. With the New York market easier in early ing London stocks returned to their lowest levels of the session.
The FT-SE index lost IL1 to
1,617.5, and the FT Ordinary index

Heavy trading in Hanson Trust (22m shares) was fuelled partly by activity in traded options in the scuvily in traces options in the stock. Several marketmakers in Hanson were offering to trade in large-sized bargains, as London continued to respond to substantial trading interest from the US.

The gill-edged market ended with

The gilt-edged market ended with losses of % or so, steadying in late trading when the pound came off its day's low. The FT Government securities index eased 0.11 to 81.32. In early trading, yields on long-dated bonds moved perilously close to the 11 per cent mark which provided a floor for the market to last week's selling bout. Yields of 11% per cent were offered on seven year bonds.

pess over inflation has sent investors hurrying towards the index-linked stocks. The authorities took the opportunity yesterday to issue to the Bank of England £100m of index-linked issues, maturing in

However, conventional gilts were helped by a favourable response to the announcement that UK Public Sector Borrowing Requirement stood at £9bn last month, which was less daunting than feared. A major hurdle comes with today's (Wednes-day) release of the latest official tes of US gross national

An active feature in the equity market was Mercury International as Saul Steinberg made good on his promise to increase his holding in the major British securities firm.

Mercury Int. good

Mercury International dominated proceedings in the hanking sector, jumping 21 to 411p, after 413p, as US arbitrageur Mr Saul Steinberg increased his stake in the UK merchant banking conglomerate to well over 12 per cent by the purchase of 3½m shares at Mixte SA holds a near-13 per cent

**EQUITY GROUPS** 

## Nervous selling of equities continues as gilts positive news from the Opec meeting and, with Wall Street easier to early trading, prices generally settled at the day's lowest. British Petrolema were finally 8 off at 691p, while Shell settled 4 cheaper of 967p. I A Shell mark dult at 157p.

also turn downwards

<del></del>		FINAN	CIAL	TIME	S ST	OCK I	NDICE	<u></u> _		
	Nov.	Nov.	Nov.	Nov.	Nov.	year	19	66	Since Co	mpilation
	18	17	14	13	12	990	High	Low	High	Law
Government Secs	81.32	81.43	81.38	81.04	83_07	83.41	94.51	80.39	127,4	49.18
Fixed Interest	88.59	88.55	68.54	88.46	88.85	88.76	97.68	86.55	105,4	(3/1/75) \$0.53 (3/1/75)
Ordisary 🛡	1,271.6	1,278.5	1,293.2	1,295.7	1,305.1	1,095.5	(7/7) 1,425.9 (3/4)	(23-1) 1,094.3 (14/1)	(28/11/47) 1,425.9 (3/4/86)	49.4 (26/640)
Gold Mines	304.0	302.4	325.1	328.5	316.6	277.5	357.8 (22/9)	185.7	734.7	43.5
Ord. Div. Yield	4.46	4.41	4.39	14.39	4.37	4.40			CTIVITY	
Earnings Yld.%(full)	10,35	10.21	10.19	110.18	10.09	10.90	In	dices	Nov. 17	Nov. 14
P/E Ratio (aet) (*)	11.82	11.98	12.00	†12.02	12.13	11.31		Bargalus	177.7	132.2
SEAQ Bargains (5pm)	23,762	26,451	25,788	27,780	32,691	-	Equity Bars Equity Valu		239.5 1987.4	266.6 2123.4
Equity Turnover (£m)	-	983.27	1050.52	1177.48	1184.32		5-Day Aver	rage		
Equity Bargains	-	36,958	41,152	45,236	54,958	24,147	Gift Edged Equity Barr	Bargains — nains	148.0 291.0	151.2 305.2
Shares Traded (mi)		431.2	520.8	479.0	456.4	279.3	Equity Valu		21411	2162.0
♥ Opening	10 а.п.	11	a.m.	Noon	] [:	1 p.m.	2 p.m	.T [	3 p.m.	4 p.m.
	1279.0	12	76.4	1275.6		273.7	1273.		273.1	1273.4
Day's High 128	1.5. D	ay's Low	1271.6.					_		
Basis 100 Govt. Secs	15/10/26,	Fixed Int.	1928, Ord	lnary 1/7/3	5, Gold M	nes 12/9/5	5, SE Activi	ty 1974 •Ni	H=11.34. fC	orrected.
	LONDOX	REPOR	DHA T	ATEST	SHARE	INDEX:	TEL. 01-2	246 8026		

stake, firmed 5 afresh at 295p. Dehfor added 5 at 159p and Stir-ling 4 at 140p. Martin Ford, on the other hand, fell 6 to 71p following the liquidation of speculative

Interest in the Electrical sector centrede upon secondary issues. MK reflected acute disappotot ment with the interim results with a fall of 18 at 368p. Dataserv, mean-while, added 9 afresh at 207p on further consideration of the bid approach, whila Whitwesth gained 6 to 88p following the announcement that Edmunson Electrical now bolds a near-16 per cent stake in the company. CML Microsystem added 10 to 160p following the bumper interim pro-fits and Chloride hardened a fracfits and Chloride hardened a fraction to 54/4p ahead of tomorrow's first half figures. MMT Computing rose 7 at 327p and Melyax firmed 4 at 97p. The leaders lacked support and closed with minor losses. British Telecom cheapened a conple of pence at 195p as did GEC, at 180p and Plessey, at 176p.

Among Engineers, APV improved 12 to 591p, interest being enlivened by the proposed

sideration of some £7m. Derek Creach jumped to 200p prior to closing 18 higher at 1930 following a bid approach. Recent favourite being enlivened by the proposed acquisition of three US Ice-cream equipment manufacturers for about £20m. Matthew Hall firmed 4 to 141p on news of the £14m contract from Tarmac, but B. Elliett eased 4 to 73p following the cautious statement which accompanied the toterim profits recovery. Staveley closed a few pence easier at 572p after the proposed acquisitions of the statement of Weith Tarmater of the proposed acquisition of the prop tion of 51 per cent of Weigh-Tronix Inc a leading US manufacturer of

shares at 550p.

Second-line Foods displayed a late firm feature to J. Perkins Meats which jumped 8 to 40p on the announcement that Mr Tony Cole's Bestwood had acquired a 25

11.44 11.35 11.25

11.64 11.73 11.74

Meat Trade Suppliers gained 10 to 160p to a restricted market as bid rumours resurfaced. Among the leaders, Tate and Lyle beid up well and closed 3 dearer at 582p, while Hillsdown bardened a cou-ple of neure to 205p.

Pilkington lower

ple of pence to 205p.

Further unwinding of specula-tive positions to takeover favourite Pilkington left the shares down 16 more at 529. Elsewhere in the miscellaneous industrial leaders. Beecham due to report interim figures tomorrow, hardened a few figures tomorrow, hardened a few pence to 427p, but Boots, also scheduled to announce its half-year results on the same day, eased 4½ to 224½. Hanson Trust were again the most actively traded stock (22m) but settled 7 cheaper at 183½p. Unilever, in contrast, rallied & to £19½. Among the secondary issues, Charles Baynes advanced 9 to 31p in late dealings on the announcement that negotiations are taking place which may result to the injection of an asset in exchange for a 29.9 per cent shareholding in the enlarged Baynes, Interim results in line with most expectations failed to inspire Lenger 1999.

Interim results in line with most expectations failed to inspire Leuden International which closed 11 cheaper at 236-20, while Metal Box also closed a few pence off at 175p following the half-year statement. Peek Holdings gave up 2 to 42-2p amid talk of a put-through below the market level, but huying interest revived to Shiloh, 5 to the good at 188p. Ceeksen edged op 3 to 458p on the marketing agreement with Selangor Pewter, while comment on the preliminary figures prompted a further modest improvement to 185p to Diploma, In contrast, occasional selling left Williams Holdings 12 down at 537p and Evered 7 cheaper at 193p. Pear-

som fell 11 further to 576p as recent bid bopes faded. In Leisures, Camparifirmed 10 to 108p in a narrow market amid revived speculation of a Swedish offer.

offer.
Thoughts that the \$50m to be raised via tha issue of Convertible bonds to an international syndicate could be for US expansion stimulated demand for Lucas Industries Initially the price recovered to 450p, but later sank back to close 4 down on the day at 440p. FR Group picked np following the successful outcome to the rights issue, rising to 297p before ending a few pence higher at 294p, but Spice gave 3 st 88p on news of the board changes and resignations of two directors.

were quoted at 33p following implementation of the capital results and a fresh acquisition, Advertising Ageocies lost ground.

Charles Barker succumbed 5 more to 93p, while LCA eased to 121p; the latter group said yesterday that

**LONDON TRADED OPTIONS** 

at 963p. LASMO were dult at 167p, down 4, and Enterprise 3½ lower at 163½p. On the takeover front, IC Gas, the subject of an unwelcoma Properties displayed irregular movements. Land Securities con-tinued to drift lower to the wake offer from Gulf Resources, revived and touched 570p prior to closing 7 tinued to drift lower to the wake of recent results and closed 6 down at 330p, but Siengh Estates found support oo talk of a broker's circular and gained 5 to 182p, Brixton Estates improved a similar amount to 172p in sympathy. Elsewhere, Estates Preperty investment settled a penny off at the content of the states of the states of the states. come of hid talks. Exploration hopes continued to boost Canray Petroleum which rose 22 more to 1879 following details of the acquisition of a portfolio of properties for £6.5m, while hid bopes continued to boost **Property and** Reversionary, up 4 more at 271p. IEP (UK) Securities topped up its share stake to the level allowed

Golds above worst
South African mining markets
displayed stability after Monday's
severe manling Initial weakness
in bullion—down to \$387.25 at one
stage—induced occasional offerings of Golds from Johannesburg
although this was quickly absorbed ings of Golds from Johannesburg, although this was quickly absorbed as the Financial Rand held steady against an improving dollar, albeit with revived Reserved Bank support. Bullion's later recovery—the metal finally settled fractionally higher on balance at \$391.25 an automated led to miner technical. noder Takeover Panel rules of 29.9 per cent, but Ocean Transport stayed at 251p, compared with the 260p cash per share offer price. Elsewhere, small demand in a limited market raised Mersey Deck units 5 to 39p. nigher on balance at souls an onunce-led to a minor technical rally among selected top-quality stocks, and with dealers reporting sporadic short-covering quotations closed around the day's best. tions closed around the day's best. Hinstrating the general trend, Varl Reefs, down to 253% earlier, closed only 1% points off at 255%, while Southwal hardened % to 259%. Else firmed 12 to 533p. The FT Gold Mines todex rose 1.6 to 304.0 Financials remained irregular. "Amgald" improved 1¼ to 250%, but De Bears Deferred eased a few pence more to 517p. Another dull showing by Lordon equities depressed ETZ, 9 cheaper at 676p, and Consolidated Gold Fields, 11 down at 682p.
Australian Golds, on the other hand, displayed little inclination

Deck units 5 to 39p.

Debron Investments improved to 50p before dealings in the company's shares were suspended. Subsequent details of a \$95m acquisition, which will eventually lead to the sale or ylacing of the sbare stake in major shareholder Interface Flooring Systems, was announced. Among other smaller-priced Textiles, Richards gained 2 to 47p but Palma gave up 4 at 41p. After aonouncement of the preliminary statement, Scottish Cities "A" rose 10 to 530p. Business in "A" rose 10 to 530p. Business in Financial Trosts was subdued, but Mercantile House strengthened 5 further to 305p still reflecting the chance of rules still reflecting the chance of rules limiting ownership by banks of foreign exchange and money brokers. Aitken Hume remained at 140p despite Sunsbine Pacific of Hong Kong increasing its stake to 12.15 per cent. Elsewhere, Kellock were quoted at 38p following implementation of the capital reconstruction scheme.

NEW HIGHS AND

NEW HIGHS (69)

AMERICANS (2) Dana Cora. GREWERS
(3) Eldridge Pope A, Fuller Smith &
Torner, Young Brew. A NV. BUILDINGS
(5) Aberdeen Const., Crouch (D.J.,
Howard Shuttering, Rowlinson, Wettern
Bros. CHEMICALS (3) Coates Bros., Do
"A", Schering. STURES (4) Casket (S.J.,
Chelsea Mar., Debfor, Stirling Group.
ELECTRICALS (5) Chloride 7-2-% Pri.,
Datasery Inc., Electronic Machine, MMT
Computing, Scholes (G. H.J.
ENGINEERING (2) Concentric, Hobson.
FOODS (3) Hughes Food, Meat Trade
Suppliers, Snowdon & Bridge. HOTELS
(13) Black Arrow, Bodycote Intl., Flogas,
Holden Hydronan, J. S. Pathology,
Marling Inds., Mysor Group, Scott
Greenlam, Shiloh, Stat-Ples, Stocklake,
Thomson T-Line, Tod. LEISURE (1)
LWT. MOTDES (1) Quick (H. & J.J.,
NEWSPAPERS (4) Cradley Print., Olives
Paper, Oshorne & Little, Watmanglis. TEXTILES (2) Gien Abbey, Lamont Hidgs. TRUSTS (27) Chion & East (nv., Dorby Tst. Cap., Eng. & Ind. Warr., Fashion & General, Fieming Claverhouse, Fundinvest Cap., German Secs., Glasgow Stockholders, Govert Strategic, Greenfriar, Law Debenture, Loadon & Gartmore, Rights & (spe Cap., River & Mercantile, St. Andrews Tst., Second Market Inv., Parrish (J. T.). Dul.S (3) Chevron, Control Pet. Nat. Res., Royal Dutch. NEW LOWS (17) CANADIANS (1) Rio Algom. CHEMICALS (1) Morosan, STORES (1) Elec. Spec. Products, ELECTRICALS (4) Fletcher Dennys, Northamber, Philips Flusince Supc., Stone Intl. ENGINEERING (1) Brown & Tawse. INDUSTRIALS (2) Amari, Office & Elect., INSURANCE (2) Alexander & Alexander, Lincoln Natl, MOTORS (1) LDCS. PAPER (1) Barker (Charles). PROPERTY (2) Slough Ests. 123-pc 2007, TRUSTS (2) Dualvest Inc., N. Scotland Inv.

**NEW HIGHS AND LOWS FOR 1986** 

253p despite revealing hopes in the annual report of an imminent expansion into gold exploration in ensland via a proposed farm into a prospect near the Starra gold and copper discoveries con-trolled by Elders Resources. Canada's McFinlay Red Lake fell 12 more to 195p on further consideration of the interim report, on Monday, the company amounced proposals for the buy-out of its partners in the McFinlay joint ven-

#### Traded Options

ture in Ontario.

Relatively subdued conditions in the underlying securities were fully reflected by Traded Options which attracted 24.372 contracts the lowest total so far this month. Nevertheless, operators displayed renewed enthusiasm for Hansus Trust which bucked the trend and recorded 5,159 calls, 1,225 of which were struck in the popular December 200 series. Buswere lively with 1,169 calls and 546 puts transacted. Put interest was also noted for British Telecom with 1,700 trades

#### Traditional Options

- First dealings Nev 17 Dec 1 Dec 15
- Nov 28 Dec 12 Jan 2 Nov 28 Dec 12 Jan 2 Last declaration Feb 19 Mar 5 Nar 19

dull showing by London equities depressed ETZ, 9 cheaper at 6769, and Consolidated Gold Fields, 11 down at 6829.

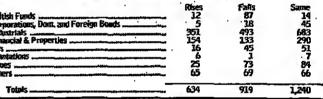
Australian Golds, on the other hand, displayed little inclination to firmer levels. Indeed, the continued absence of overseas demand for overnight Sydney and Melbourne markets promptd further substantial losses for Gdld Mines of Kalgoerlie, 5939, and Captral Norseman, 5739, down 30 and 40 respectively. Metana fell 13 to

والمنتفذات

The second secon

TRADING VOLUME IN MAJOR STOCKS

#### RISES AND FALLS YESTERDAY



EQI	JIT	ES										
isse	Amend Paid	Latest Renurc.	1	186	Stock	Closing	+ or	Net.		Gress		
Price	100	Date	High	Lon		Price	- 1	Dis.	Cov'd	Yleld	Rai	
_=	F.P.	-	39	27	Australia Inv. Wirts	39		-	=	=	=	
250	F.P.	5/12	242	226	Avis Enrope	234	-442	R7.6	24	4.6	13.	
1270	F.P.	28/11	207	186	BakerHarrisSaund's10p	198	(+4 <sup>-</sup> 1	R4.0	27	28	18.	
\$36	F.P.	28/1,1	43	39	₹B.C.E. Hklg; 5p	43	+45	RelLO	3.0	3.3	14.	
<b>F115</b>	F.P.	1411	122	120	#Berry, Birch 10p	121	١ــــا	R25	22		13	
§130	F.P.	12/12	156	130	#Bilston & Batt'sea. 10p	. 145	ł	R3.7	22	3.6	17	
495	F.P.	21/11	145	117	&Blenhelm Exhibits. 50 .	140	+2	<b>B2.1</b>	3.2	21	19	
125	F.P	19/12	153	146	Brake Bros. 100	148	+2	R2.2	4.2	2	15	
₽LD0	F.P	2201	109	90	#Citygrove 10p	93	+3	R2.5	2.7	3.8	ū	
到30	F.P.	-	153	146	Daniels (SJ) 5p	153		R3.25	28	30	17	
F105	F.P.	16/10	115	100	₹Eve Construction	113		u4.5	32	5.6	7.	
185	F.P.	701	220	188	#Interfick Express 50	210		R3.5		23	19	
£105	] F.P.	19/12	137	123	Lloyds Chemists Sp	129	-3	<b>11.28</b>	33		30.	
\$135	F.P.	24/10	285	145	&Local London Group 50	275	-10	W5.0	ĩ	26	31	
_	I —	-	115	710	Lon. & Gartmore Warr	115	1		=	=	_	
770	F.P.	5/33	144	119	Marbor'gh 7ech Man 5p	144	+1	82.70	3.1		14	
135	F.P.	20/11	154	143	Mecsa Leisure 10p	146	ايت	R4.1		40	6	
<b>\$105</b>	F.P.	24/10	184	133	-Miller & Santhouse Sp .	184	l1	1225	24	1.7	34	
£175	F.P.	24/10	79	n	#Newage Trans 5p	71		R3.5		6.9.	B.	
<b>FL15</b>	F.P.	12/12	130	126	#QuartoGr.Comm.\$0.10	130		R3.195		35	ŭ	
\$90	F.P.	24/10	94	88	&Radamec Group Sp	98		R1.28	5.7	ĩã	13	
1110	F.P.	21/11	105	89	₹Rotunda 10p	102		R30.3	28	41	ĩŽ	
4770	F.P.	24/20	115	101	-Ryman Sp	110	-1	115	32	1.9	18.	
100	50	14/11	102	78	TS8	78%	+5	W4.26	ŝī.	4.7	9	
	F.P.		52	52	Trinova \$5	52		1.5c	_	28	_	
गुरु	F.P.	50,2	179	163	-Whinney Mackay 10p .	165		RAO	3.0	34	13.	
104	F.P.	50,2	90	80	*Wookons Bet ware 100	90	+4	dR3.7	ĩŝ	5.8	屲	
**	F.P.		96	91	Yeoman lov. Cap. 1p	91			_		_	

Price	Paid	Resunc	1986		Stock .	Closing Price	+
£	op.	Date	High	Low		£	-
100 100 100 100 100 100 100 100 100 100	電信品名性を名称を合品 HTS	1772 80 290 291 202 1612 155 - 221 81	190pa 127, 11 114, 1077, 109, 99, 100, 100, 114, 114,	106p 100e 2 100 100 9 9	Bristol OH & Man 3% Cav 2nd Mr Deb 1989 East Worce. Water 12/2% Red Deb 94-96 ESSE Worce. Water 12/2% Red Deb 9002-04 do 55/3% Red. Pt 1993 Fed. Housing 92/5% Com. Red. Pri Harions 7% Com. Com. Red. Pri Mid-Samer Water 11/5% Red Deb 2012-16 Nationalde 11/5% 26/10/67 do 11/2% 23/11/67 Portsmooth Wir. 81/5% Red. Pt 1996 Teadring Handred Wir 81/5% Rel. Pt 1996	170pm 1114 1072 10 107p 100p 472 1004 100 10	
Issue	Amount	Lates	7	966		Closina	—

101.87 102.25	F.P.	22/1 8/1	100 114 114	100 9	do 11½% 23/1187 Portsmouth Wbr. 8½% Red. Pf 1996 Teadring Hundred Wbr 8½% Rel. Pf 1996	100 10	
RIG	HTS	" OF	FER			<u></u>	1
Issue Price	Amount Paid	Latest Resons	15	<b>166</b>	Stock	Closing Price	+ 0
	岬	Date	High	Line		P	-
3 70 180 12 85 14 40 350 720 180	NH NH NH NH NH NH NH NH NH NH NH	1972 1972 771 1972 1972 1972	2 lepti 8pm 15pm 1 lepti 17pm 6pm 16pm 67pm 376pts 21pm	17pm 17pm 5pm 4pm 37pm 385pm 16pm	Brit. Beruri 116 Losic (Wea.) 20p Elowics 5p Kritock 15t 1p London & Assoc. 10p Petracus 12*pp Rectiand State Waddington (_)	2149 1120m 15p 114pm 17pm 612 4pm 47pm 385pm 16pm	17 2 277 19
The state of	Accorded to	Culdent :	and stelet	A Aren	iree of stamp duty. a Amusalised dividence or payable or part of capital, cover based and divident and yield after scrip issue, F ement. H Dividend and Yield based or p	an dividen	d ow f

edices are	the joint	compita	tien of	the Fina	ncial Times.
					rdices are the joint compilation of the Fina Institute of Actuaries and the Faculty of A

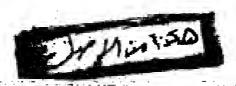
	& SUB-SE	CTIO	INS'	1	uesday	Nov	embe	r 18	198	36	Nov 17	Nov 14	Nov 23	(Sabbunx7)	
Fig	gures in parenthes stocks per	es show		of Inde		Est. Earnie Yield* (Max.	gs Dh % Yiek	P. P. Ra Fat ON	处 作 db et)	nd adj. 1986 to dute	Index No.	jadex No.	Index No.	Index No.	_
7	CAPITAL GOOD	S (210)				9.0	_		.00	36.17	675.56			565.83.	
2	<b>Building Material</b>	s (27)		819.		8.7			45	17.54	823.61	834.19	827.05	634.94	
3	Contracting, Cons	truction (	29)	1139.		7.7			.83	32.56	1147.30		1163.00	943,48	
4	Electricals (12)			_ 1714		8.5			.09	53.27	1723.06			1573.99	
5	Electronics (38)		~	1466		9.6			.86	29.90	1460.23		1482.42		
6	Mechanical English			372. 339.		10.5			38	16.42	372.25			328.10	
6	Metals and Metal	Forming	(/)			9.4				9.53	339.67			248.96	
9	Motors (161	1_1	COT 1	256.0		10.7			176	5.72	257.56 1231.32			205.19	
10	Other Industrial N			1221. 924.		7.3			31	30.19 18.47	927.79			760.99	
21 22	CONSUMER GR			947		9.2			26	14.91	953.98			796.31	
25	Food Manufactor			712		9.3			.94	14.99	711.64			545.94	
26	Food Retailing (1			1839.		6.8			انت	30.54	1846.49			1736.49	
27	Health and House		tucts (10)			6.3			50	21.37	1484.66			1161.31	
29	Leisure (28)	1010 1 100		963		7.6			39	25.08	956.53			767.78	
32	Publishing & Prin	tipa (15)		2573.		7.7			.65	73,96	2578.53			1864.81	
33	Packaging and Pa					7.3			116	10.54	477.57			372.55	
34	Stores (38)			841		7.3	7 3.		41	16.10	850.76	859.58	860.94	798.98	
35	Textiles (17)			538.6	00 -0.2	9.5	0 3.	67   12	.18	10.57	538.97	543.86	543.79	379.13	
36	Tobaccos (2)			1265.	58 -1.0	13.0	6 4	09 8	42	36.99	1278.59	1293.04	1297.48	808.08	
41	OTHER GROUPS	(87)		780.2	-0.9	8.6	3 4	11   14	.95	17.50	787.03	794.06	793.51	719.73	
42	Chemicals (20)			_ 972		9.0			.50	29.35	971L73	980.42		713.55	
44	Office Equipment	(4)		243.0		7.6			.82	7.55	244.69			224.08	
45	Shipping and Tra	Isport (12	2}2	1537.		7.8			.32	44.57	1550.51		1574.08	1357.08	
47	Telephone Netwo	rics (2) 🛶		774.					34	16.67	780.91	785.65	780.38	905.68	
48	Miscellaneous (49	<u> </u>		1093.		6.2	_		.15	16.87	1111100			896.81	_
49	INDUSTRIAL GE	10UP(48	3)	830.	2305	<u>85</u>			U88	17.91	834.71			706.59	
51	Off & Gas (171			1428.		11.4	3 6.	27 10	.77	62.83	1448.95	1442.35	1430.93	1193.31	
59	500 SHARE IND			880.	12 -0.6	8.8	7 3	98 14	ß	21.A5	885.49	893.50	893.37	747.90	Ξ
61	FINANCIAL GRE			602		T =		72 -		17.46	602.20	605.43	605.12	533.09	_
62	Banks (8)	Mr. (tree	·)	656		19.1			.15	23.94	655.06			543.46	
65	Insurance (Life) (	9)		834		_	4		_	27.29	833.10			818.45	
66	Insurance (Compo	site) (7)				1 -		81 -	- 1	13.49	453.79			415.10	
67	Insurance (Broke	rs) (9)		1239.	62 +0.2	7.7			.88	35.33	1236.60		1267.82	1194.43	
68	Merchant Banks (	12)		358.	22 +0.5	! -		- 00	- 1	6.37	356.41			287.90	
69	Property (49)			790.		5.8			16	15.17	791.73			692.81	
70	Other Financial C	24)		356.	25 —	9.2	3 4	48 13	21	9.06	356.05	355.98	352.85	307.57	_
71	Investment Trusts			831		-		73 -	-	14.22	230.31			640.96	
81	Misting Finance C			332		9.4			45	11.30	337.AL	343.56		256.46	
91	Overseas Traders	(13)		770.		10.4			-58	29.17	775.63			574.68	
99	ALL-SHARE INT	EX (731	)	895.	58 -0.5		4	07	- 1	20.12	809.26	816.86	81.5.85	684.28	
				Inde	x Day's	Day	's Da	y's N	OV	Nov	Nov	Nov	Nov	Year	Г
				No					7	14	13	12	11	ago	
_	FT-SE 100 SHAP	E INDE	7.2		5-11.1			A 162	8.6	1644.3	1644.6	1654.5	1660.9		_
_	L1-3E 100 3170	IE IRDE	` <del>T</del>									- 300-03			_
	Fi	(EB	INTE	REST	•			ERACE DEMPT		SS YIELDS		Tues Nov 18	Mon Nov 17	(abb.or) São Aest.	
								ritish G	a věrt	ment					_
	PRICE	Tues	Day's	Mon	회교	nd adj.		786		years		9,95	9.93	9.98	
	INDICES	Nor	change %	Nov	today	1986	2 C	tripous	15	years		10.67	10.63	10.23	
		18	) %-	17		to date	3.		25	76375		19.68	20.64	19.25	
	British Government				-	$\neg\neg$		çdista	5	years		11.44	11.39	10.84	
				330 63		10.31	5 0	Nipons .	1	Jean		11.01	18.97	10.59	
	5 years	118.58		118.62	_		6	•		NEEDS		10.59	10.57	10.25	
2	5-15 years	127.95	-0.22	128.22	· →	11.61	7 H	gab		years		11.52	11.48	10.95	
3	Over 15 years	132.81	-0.29	133.28	_ 1	11.83	8 Co	LUDOUS .	15	years		11.18	11.14	10.75	
- 1				244.33	_ 1	1334	9		2	years		30.66	10.63	20.44	
	trredeemables	144.59	•					edeemak		-	1	10.36	10.37	9.80	ı
5	All stocks	126.72	-0.17	126.94	_ :	11.33		der Lin							Ţ
	Index-Linked	Į –		]				flat'n rati			5 yrs	3.74	3.61	9.0	-
		114.68	_0 22	114.93	1	2.60		flac'n rati		Over	5 yrs	3.74 3.85	3.84	0.0	
	5 years				_		331in	flat'n rati		6	5 yrs	2.22	2.08	0.9	
7	Over 5 years	11011		110.26	<b>–</b> 1	2.84	14	flat's rat	103	6 Guer	5 yrs	3.67	3.66	0.0	į
	All stocks	110.82	-0.15	110.99	_	2.69	a-T/ 411	2 180		_ +~~	- 317		11/2		1

2.69

--0.15

110.99

110.82



## WORLD STOCK MARKETS

WORLD STO	CK WARKEIS
AUSTRIA  Nov. 18  Price + or Rov. 18  Price + or Dm.  NORWAY  NORWAY  AUSTRALIA (continued)  Price + or Nov. 18	CANADA
Credit net* bp = 3,440	TORONTO  TORONTO  Closing prices November 18  Sales Suck High Law Clean Chap  Sole AlaCA her Stills 114 114 114 -4  Sole AlaCA her Stills 114 115 -4  Sole AlaCA her Stills 115 -4  Sole AlaCA her Stills 116 115 -4  Sole AlaCA her Sti
Pohjola "8" 83.85 do. (Part Certs) 2,495 +8 Nov. 18 Price + or SINGAPORE	Indices
NETHERLANDS	Information   1,877.21   1,882.22   1,977.23   1,882.25   1,882.
Sinck Solve High Low Last Chong (finish)  Continued from Page 43  Continued fr	51E Cop
OwenMin.30 14 100 1719 1974 1974 1974 1974 1974 1974 1974	Row   Now
Patient 8 1 141 137 137 -1 2	Chief price changes
Partmell 16 28 1278 2012 2013 2014 18 1914 1814 14 18 18 18 19 1814 14 18 18 18 18 18 18 18 18 18 18 18 18 18	NYSE COMPOSITE CLOSING PRICES
Prism 21193 259 27 28 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4	12 Marth
HAND DELIVERY SERVICE  In most of HELSINKI and parts of ESPO0 you can have your subscription copy of the FINANCIAL TIMES hand-delivered to your office.  For details of subscription rates and to check if personal delivery covers your area contact peter Sörensen, Tel: (90) 6940417	Get your News early  Eine Zeitung erst mittags geliefert, hat für Sie nur den halben Wert.  Damit Sie Ihre Financial Times noch vor Geschäfts- beginn erhalten, haben wir unseren Botendienst in Ihrer Stadt weiter verbessert.  Einzelheiten erfahren Sie von Financial Times in Frankfurt.  In Stuttgart  Rufen Sie die Abonnenten- Abteilung an.  Telefon: 069/7598-0  The Financial Times (Europe) Ltd. Guiollettstraße 54 6000 Frankfurt/Main 1

## NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRI

International Investment Bankers 

A NED S NED

Kidder, Peabody International

New York • London • Paris • Geneva • Zurich • Hong Kong • Tokyo

#### FINANCIAL TIMES WORLD STOCK MARKETS

**WALL STREET** 

#### Fall gathers pace as selling grows

SELLING PRESSURE spread beyond the speculative takeover stocks and prices tumbled on Wall Street yesterday, writes Roderick Oram in New York.

The decline was confined to a few points during the morning, but in early afternoon a steep slide was triggered by growing fears of the implications of the Boesky insider trading scandal. No support for stocks was available from the bond market which was drifting lower.

The Dow Jones industrial average closed down 43.31 at 1,817.21, its sharpest drop since the record declines on September 11 and 12. The New York Stock Exchange composite index fell 3.42 to 136.48, with declining issues swamping rising by 1,377 to 286. Volume was heavy at 185.26m.

The feeling was widespread among market participants that takeover spec-ulation which had carried the market up more than 150 points was a spent force. As the decline started, falling stock index options triggered computerised sell programmes in the underlying stocks.

The two most active issues were falling takeover stocks. Gillette fell \$7% to \$60 on volume of 3.5m shares. It is the

400

NEW YORK

DJ Industrials

DJ Transport

S&P Composite

DJ Utilities

LONDON

FT Ord

FT-A 500

Tokyo SE

AUSTRALIA

All Ord.

AUSTRIA

BELGIUM

CANADA

Belgian SE

Toronto Metals & Minis

TOKYO

FT Gold mines

FT-A Long gitt

FT-Actuaries
All-Share Index

1982

STOCK MARKET INDICES

238.63

1,617.5

304.0

KEY MARKET MONITORS

1984

Year ago

165,26

198.70

277.6

212.35

1,817.21 1,860.52 1,440.02

829.25

209.24

243.21

1,278.5

1,628.6

809.26

302.4

17,273.53 17,208.15 12,700.3

1,326.6

650.0

233.05

3,964.95 4,034.39 2,911.55

1,421.56 1,418.50 995.65

1985

1986

2.0125

162,70

6,5900

1.6740

(3-month offered rate)

US Fed Funds

20130

162.75

6,5925

1.6740

1.3850

INTEREST RATES

object of a takeover bid from Mr Ronald Perelman who makes extensive use of advice and junk-bond financing from Drexel Burnham Lambert which is un-der scrutiny by the Securities and Exchange Commission in the Boesky insider trading scandal.

Similarly, USX fell \$% to \$21% on volume of 4.6m shares. Mr Carl Icahn, who has bid for the steel and energy group, was believed to have been subpoeaned in the Boesky affair.

Goodyear Tire and Rubber fell \$1% to \$44%. Sir James Goldsmith's takeover offer for it was the subject of congressional hearings yesterday.

These issues apart, the most active list returned to a more normal balance of issues after being dominated by falling takeover candidates on Monday because of the widening insider trading in-

Among companies turning in results, two department store chains presented contrasting pictures. Dayton Hudson, up \$% to \$42%, reported third-quarter net profits of 54 cents a share against 58 cents a year earlier. May Department Stores, down \$% to \$34%, reported profits of 47 cents a share against 37 cents.

Among other store groups, K mart was off \$1½ to \$49, Sears Roebuck lost \$1½ to \$41½ and Federated, which had been subject to takeover rumours, fell \$5% to \$91%. It reported lower earnings.

Westvaco gained \$% to \$37%. It reported net profits for the year of \$2.50 a share against \$2.43. Other paper groups were lower. Scott Paper fell \$% to \$60%,

Bowater was off \$1/2 to \$29% and James River eased \$\% to \$30\%.

Squibb rose \$1% to \$102% after it had announced the sale of its Charles of the Ritz cosmetics unit.

Revere Copper and Brass gained \$% to \$21%. The board approved a management buyout at \$221/2 a share.

Coca-Cola lost \$% to \$35%. The price of the initial public offering (IPO) in its bottling unit has been lowered to the \$18-\$21 range from \$21-\$24 after resistance from institutional shareholders to the higher price. The offering, the largest IPO ever in the US, is due to begin tomorrow

Among the general weakness of technology stocks, IBM was down \$1½ to \$120%, NCR fell \$1% to \$44%. Digital Equipment fell \$2% to \$97%, Hewlett-Packard lost \$1 to \$41%, Honeywell lost \$1% to \$68% and Motorola fell \$% to

The credit markets were quiet lacking any immediate news to spur trading. Against a background of stabilising precious metal prices after their recent sharp fall and a softer dollar, bond

prices drifted marginally lower.

The price of the benchmark 7.50 per cent Treasury bond due in 2016 eased 1/m to 99% yielding 7.50 per cent. Shorter maturities were close to unchanged.

Three-month Treasury bills fell two basis points to 5.34 per cent, six-month bills slipped two basis points to 5.48 per

The main concern in the corporate bond market was over the performance of the junk-bond sector in which prices fell for the second day by between % and:

1% points in jittery trading.

A shadow was cast over the high-yield securities by news that Drexel Burnham Lambert, the securities house which pioneered the use of low investment grade paper for takeover, was under investiga-tion by the Securities and Exchange Commission in connection with the Bo-

esky insider trading affair.

Drezel had underwritten half the bonds placed in the few years the market has been operating, issuing \$15hn in the first nine months of this year alone. Drexel's ability to maintain a confident secondary market in its issues will be crucial to the junk-bond sector.

TOKYO

1350

1.4285 2.8750

232.50

9,4175

1.9785

6% 6% 6% 5.65

2.8650 231,50

9.3800

1,394.5 1,981.50 1,991.75

1.9695

5.315

#### Modest rally emerges as clouds lift

UNFAVOURABLE influences receded and share prices staged a moderate rally in Tokyo yesterday after four losing ses-sions, writes Shigeo Nishiwaki of Jiji

The Nikkei average added 65.38 to 17,273.53, but volume was still meagre at 279.74m shares, against Monday's 278.67m. Advances led losers 423 to 376, with 166 issues unchanged.

Fears that North Korean President Kim Il Sung was dead proved unfounded, and there was no large-scale selling on Wall Street on Monday. This encouraged investors, but there were no new factors to encourage active buying. Low-priced and medium-priced incentive backed stocks were sought.

Sumitomo Heavy Industries was pop ular on a newspaper report that the

News that North Korean President Kim II News tout router have been assassinated after Sung might not have been assassinated after all pushed share prices down on the Seoul Stock Exchange. The composite stock index fell 1.65 to 257.98 after a 4.15 rise on Monday

company planned to build a large leisure centre, including a marina, at its huge dockyard site on Miura Peninsula in Kanagawa Prefecture. It rose Y80, a daily limit gain, to Y296 in active trading of 18.57m shares.

Japan Steel Works, also an investor favourite involved in a redevelop project, was still on the active list with 18.99m shares changing hands. Its price, however, fell Y8 to Y402. Among similar issues, Tokyo Land added Y38 to Y632, with 10.48m shares traded, and Nikkatsu rose Y23 to Y161.

Blue chips also firmed on buying by investment trusts and financial institutions. Toshiba increased Y36 to Y605 on trading of 4.30m shares while Fujitsu advanced Y30 to Y1,030 and NEC Y20 to Y1.930. Matsushita Electric Industrial finished at Y1,780, up Y40, and Fuji Pho-

to Film at Y3,130, up Y60. Yamazaki jumped Y60 to Y1,590 and Kao Y70 to Y1,600. Investors also bought Kandenko for capital gains, pushing it up Y290 to Y5,100, an all-time high sursing the Y5,080 registered on August 14. Pacific Metals rose Y38 on rumours

of cornering by speculators.

Sankyo and Takeda, both biotechnology stocks, finished Y30 higher at Y1,370 and Y40 up at Y2,200, respectively. But large-capital utilities, steels and shipbuilding were mixed.

Bond prices opened firm, reflecting the tone of the US bond market on Monday, but turned down later. The yield on the benchmark 6.2 per cent government bond maturing in July 1995 began the day at 5.160 per cent compared with 5.165 per cent on Monday but gradually rose to close at 5.185 per cent. Analysts said the bond had been favoured by dealers for arbitrage and its yield had dropped too low.

By contrast, the 5.1 per cent government bond due in June 1996 was bought for its relatively low price, and the yield dropped from 5.625 per cent to 5.590 per EUROPE

#### Frankfurt focuses on high-tech

LACKLUSTRE trading marked many bourses yesterday and they moved mainly on domestic factors. Some continuing reaction was seen to the worries over insider dealing in the US, but most share price changes in Europe were

Frankfurt firmed in a technical reaction to the falls of the past few sessions, but trading was thin ahead of today's holiday. The Commerzbank index, set at mid-session, was 3.3 higher at 1,975.2. Most of the session's action centred on

the high-technology sector where Nix-dorf lost DM 17.70 to DM 689.80 on its plans to launch a DM 500m Eurobond with share warrants. In the same sector Siemens rose DM 4.40 to DM 692.50. The group said after the end of trading it would pay an unchanged dividend.

The car sector generally followed the upward trend, with Daimler scoring a DM 7 rise to DM 1,263 and VW up DM 4 to DM 428.50. BMW, however, fell DM 3 to DM 561.

Chemicals included BASF with a DM 3.20 gain to DM 268.10, Bayer which rose DM 1.80 to DM 296.50 and Hoechst which added DM 1.30 to DM 255.

Hopes of improved third-quarter results lifted banks. Deutsche, which an-nounced it was considering bidding for BankAmerica's Italian unit, rose DM 5 to DM 792. Commerzbank added DM 2.30 to DM 302 and Dresdner DM 4.50 to DM 393,50.

Engineer Mannesmann added 30 pfg to DM 190.30.

In the bond market long maturities added 30 basis points, but isolated losses of up to 15 basis points were seen at the

The Bundesbank sold DM 78m worth of domestic paper after selling DM 104.7m on Monday.

Amsterdam closed higher after gains among the multinationals. However, some caution was noted in the wake of the insider trading scandal on Wall

Among internationals Royal Dutch added F1 1.20 to F1 208.70 and Unilever FI 5 to FI 498.50. Philips, however, lost FI Zurich closed little changed as inves-

tors, particularly from abroad, remained on the sidelines following Wall Street's overnight decline. Among chemicals Sandoz bearer con-

tinued to fall, losing SFr 100 to SFr 10,000. However, Ciba-Geigy firmed SFr 25 to SFr 3.400. Paris was overshadowed by the assas-

sination of Renault chief Georges Besse, and share prices showed little direction, ending mixed to easier. The approaching close of the monthly trading account helped to depress the market. Construction issues eased, with Bouy-

gues down FFr 7 to FFr 1,275 and Lafarge-Coppée off FFr 9 at FFr 1,306.

Advances included Peugeot, up FFr 5 at FFr 1,095, and Printemps, up FFr 20

modest upturn in early trading attributed partly to the opening of the new

L35 at L2,955, and Olivetti, L700 lower at L13,250.
Brussels continued Monday's fall as a dispute in the coalition about regional

Petrofina went against the trend, rising BFr 20 to BFr 9,420. Holding group GBL, which has a stake in Drexel Burnham Lambert, the US securities house, subpoenaed by the

Stockholm was again depressed by the possibility of government austerity measures, but trading was generally calmer than on Monday. The Veckans Affarer index dropped 2.1 to 925.1, or

Oslo firmed slightly after a two-day sell-off as investors bought selectively in

blue chips.

Madrid also rose, with communication stocks leading the advance.

LONDON

#### **Insider case** continues to unsettle

THE FINANCIAL markets in London had another nervous session, with share prices again lower on worries about Wall Street and the Boesky affair and by gilts unsettled by sterling's dull performance.

to rally but then grew increasingly ner-vous as Wall Street's opening ap-proached. When New York turned easier

The oil sector was depressed by an absence of firm news from the Opec pricing committee and consequent bearish comments from industry analysts. BP

The gilt-edged market ended with losses of about % of a point, steadying in late trading when the pound came off its

Chief price changes, Page 41; Details, Page 40; Share information service, Pages 38–39.

#### **SOUTH AFRICA**

LATE bargain-bunting lifted golds off their lows after the sector had extended

Among golds Driefontein closed 25 cents down at R68.75 while Buffelsfontein and Free State Consolidated were steady at R82 and R52.50, respectively.

50 cents to R67 while Gold Fields was

Milan fell back to close mixed after a

bourse month. Leading industrials included Fiat, down L130 to L14470, Montedison, up

spending kept buyers out of the market.

Securities and Exchange Commission, fell BFr 180 to BFr 3,800 in heavy trad-

38.4 below the record of 961.5 reached

Equities opened sharply lower, tried

in early trading, London share prices fell back to their lowest levels of the day.

The FT-SE 100 index fell 11.1 to
1,617.5, and the FT Ordinary index lost 6.9 to 1.271.6.

was down 8p at 691p.

Mining financial Anglo American fell

unchanged at R60. Rustenburg Platinum lost R1 to R46, but De Beers, the diamond group, added 25 cents to R33.25. Industrials closed mixed but with an

#### **AUSTRALIA**

FOR A SEVENTH successive trading day, share prices retreated in Sydney as profit-taking continued and a further fall in the bullion price kept up the presnte

Cost

sure on golds.

The gold index lost 43 to 1,503.2 for a two-day fall of 127.5 while the All Ordinaries index ended 11.9 down at 1.314.8 after some late bargain-hunting had lift-

ed if above its day's lows.

Among golds Central Norseman dropped 80 cents to A\$12.80 after losing 70 cents on Monday while Kidston and Poseidon each eased 10 cents to A\$7.80

and A\$4.90, respectively.

Diversified metals followed the trend, with CRA off 34 cents at A\$6.66 and Bougainville 12 cents down at AS2.88. Bond Corp, which has sold an apart-ment building it bought in Hong Roag.

last month, eased 5 cents to A\$2.65. In the banking sector ANZ, which has announced slightly higher profits, was 4 cents lower at A\$5.32 after falling 14 cents on Monday.

#### SINGAPORE

TECHNICAL factors helped to boost Singapore which has been in an oversold position for the past few sessions. However, some bargain-hunting and short-covering were partly offset by cau-tion over the political relationship between Singapore and Malaysia after the Israeli President's visit to Singapore. The Straits Times industrial index

closed 13.52 higher at 695.48.

Among banks Malay Benking rose 24 cents to \$\$5.20, OCBC 10 cents to \$\$9.15, OUB 6 cents to \$\$3.70 and UOB 10 cents.

Blue chips closed showing mostly small gains across the board. Genting was 20 cents higher at \$\$5.90, Singapore Press 5 cents at S\$8.30, Haw Par Brothers 9 cents at S\$3.08 and Straits Trading. 2 cents at S\$3.66. Sime Darby was steady at S\$1.82.

#### **HONG KONG**

UNCERTAINTY ahead of a government land auction today kept many investors on the sidelines in Hong Kong. However, despite the thin trading, the Hang Seng index closed 7.98 up at 2,249.97 after late bargain-hunting had lifted the market indicator from a loss of almost 12 early in the session. Reaction was muted to an announce-

ment by Canada's Husky Oil that it had held talks with Cheung Kong on a possible takeover. Cheung Kong was un-changed at HK\$32 as was its affiliate Hutchison Whampoa at HK\$41. Elsewhere, China Gas fell HK\$10 to HK\$18.20, and Hongkong Electric was

steady at HK\$10.10.

#### CANADA

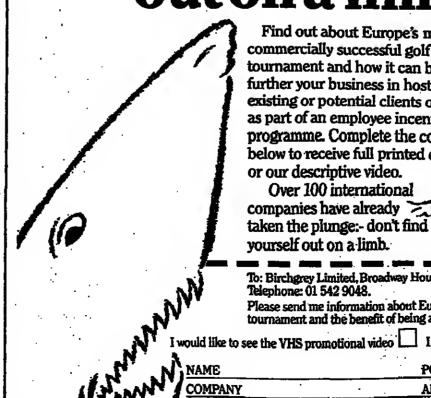
THE BROAD decline begun on Monday continued in Toronto although golds, af-ter registering steep falls on Monday fol-lowing the lower bullion price, regained some lost ground.

Dome Mines, Echo Bay and Lac Min-

erals each traded C\$% higher at C\$10%, C\$29% and C\$26%, respectively. Metals and minings traded mixed

while industrials were lower with the trend. Oils also edged lower, Montreal was generally lower though some gains were seen among in

In which 1986 Golf Tournament did a big fish put the other big shots outona limb?



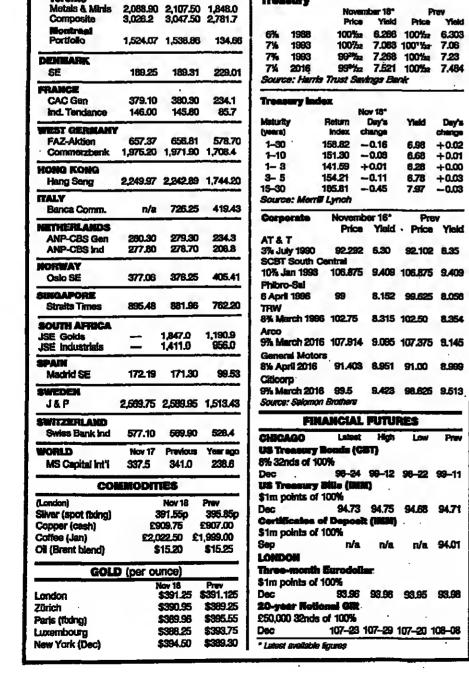
Find out about Europe's most commercially successful golf tournament and how it can be used to further your business in hosting existing or potential clients or indeed as part of an employee incentive programme. Complete the coupon below to receive full printed details or our descriptive video. Over 100 international

To: Birchgrey Limited, Broadway House, The Broadway, Wimbledon, London SW191RL. Telephone: 01 542 9048.

Please send me information about Europe's most commercially successful golf tournament and the benefit of being associated with this championship.

I would like to see the VHS promotional video L. I would like to to receive your information pack

POST CODE TELEPHONE



## FINANCIAL TIMES SURVEY

## International **Fund Management**

Liberalisation of markets, coupled with telecommunications advances, are continuing to encourage a rapid diversification of portfolios. In the UK however there remains a lack of political consensus over the domestic consequences of such investment.

### Costs under scrutiny

By Clive Wolman

Maleysia dei 5 visit to Singue 15 visit to Singue 16 sindustrial to 17 at 195.18 17 at 195.18 17 at 195.18

ased showing at

35 c.30, Haw Per

15 2md Street Fr.

Mark Cape

. 5000 7 72 46

CONTRACTOR

ur Ges Mee

Ich: Egreit ್ ೧೯.≀ ಪಡಿತ್ಯಕ್ಕ

· Marketing and the c 227-1 1 6-1-2 ing were seeded

1012 21 5114

You take the main road across the Scottish Lowlands and turn off at the signpost for the village of Gogar. Another turn into a winding, leafy lane and you enter an 11-acre estate with a well-manicured laws and significant country. and eighteenth-century Georgian country

house at its centre.

This is the office of Walter Scott and Partners, one of the first specialist investment "bontiques" in the UK. Its location and style sum up the emerging footloose industry of international fund management. ment. For some futurologists, this sort of workplace is a prototype for their 21st-century vision of a world of cottagn indus-tries based on information and professional skills. Their operations can be any-where—eveo a remote mountain top or which will do as long as it can be reached by calle or satellite—but thair focus will be everywhere.

For fund managers, everywhere means for hind managers, everywhere means the world, both in terms of clients and investments. The employees of Walter Scott are mainly Scots but thnir climits are entirely English and US pension funds. Their investments have been heavily in US and Japanese growth stocks but they have little in Scotland.

The rise of international portfolio investment has been made possible hy the rapid improvements in international telecommunications and information oetworks. But the abandonment of exchange cootrols by many countries and the re-emergence of economic and financial liberalisation have also made international investment necessary. The consequent growth in international trade and multinational investment has produced

large imbalances in the current accounts of trading nations which have to be offset by capital movements.

First, in the mid-1970s, the Arabs had to recycle thnir petro-dollars into Europe and America. Now Jspan, with its mounting tradn surpluses and a population hulge seeking new investment outlets to

nuige seeking new investment outlets to prepare for retirement, has taken over as the largest exporter of capitat.
During the same period, the UK (and other European countries) removed its exchange controls and allowed thn City of London to cash lo on its experience in managing international securities and in-mestment. US investors and pension funda are now following the example of their multinational companies by abandoning their traditional isolation and shifting more and more of their portfolios over-

But it is dangerous to present the growth of international investment management as the wave of the future.

The greatest period of international investment management, at least for the British Empire, was at the end of the nineteenth century, which was ended by the growth of nationalism and erection of trade harriers that are only now being discounted.

trade harriers that are only now being dismantied. The rapid growth of international investment from Europe, America and the Far East could be forced into reverse again, albeit not easily, by a change of political climate.

For the conceptual and political issues about how much a nation's savings should be held. In foreign assets are far from resolution. Even the UK, with its long tradition of foreign investments, has no political consensus on the issue. If a Labour government is elected in 1987-88, it Labour government is elected in 1987-88, it will impose a heavy tax penalty on pen-



Individual Investo

Flows of Funds

Management Houses Management Charges

sion funds and other institutions that fail to cut back the proportion of their overseas assets to no more than five per cent. Historically, one of the most powerful drives behind international investment has been the search for higher rates of return on capital. The Swedish stock market surged in 1982 wheo foreign, particularly US, Investors "discovered" it and realised how cheap Swedish shares were compared to those of US or UK companies. Spain benefited from a similar phenomenon in 1984, West Germany and Italy in 1985 and the Philippines earlier this year.

year.

Although some markets remain to be exploited once they are opnoed up fully to foreigners, for example Korea and Taiwan, the possibilities for discovering such inefficiencies are likely to diminish. For the ending of exchange controls and

IN THIS SURVEY

ceting of Fund Manager

Accounting Standards Administrative Obstacles

tha increasing flows of funda around thn globe have already led to a greater equalisation of anticipated returns on capital throughout the world.

The most powerful outstanding reason for diversification overseas is to reduce risk. For example, eveo if the UK economy deteriorates over the next 20 years, its pensioners to the 21st century could still pension a high standard of living from their enjoy a high standard of living from their holdings in foreign companies, the argu-

> The most hawkish investment cosmopolitans argue that UK equity portfolios should hold no more than about nine per enot of their assets in the UK, as the capitalisation of the UK stock market accounts for only nine per cent of the capitalisation of all world markets. Analyses of how one stock market moves relative to the other, such as those produced

by the London Business School (for the 1970s) and by Quantec, a New York investment research house, point to similar con-clusions. Quantec's figure also suggest that currency fluctuations, far from adding to the risks of international investment, netually reduce thim as a fall in one country's curreccy is often associated

with a rise in its stock market.

But increasing movements of capital between different markets made both by investors and within multinational corporations may invalidate these measures as a way of determining the optimum diversification mum diversification.

A better approach may be to invest in n widn spread of companies around the world, paying little attention to the stock markets on which those increasingly multinational companies happen to be listed. Instead the investment manager should look to their patterns of trading and their exposures to different countries. and thair exposures to different countries in terms of currency risk, market risk, political risk. The investment manager would be more concerned to have a portfolio halance across industrial sectors than across countries.

There are two types of argument against the hard-line internationalists. The more political argument, advanced by the Labour Party in the case of Britain, is that, hy equalising the rates of return around the world, internationally mobile capital reduces investment in the UK which holds

Continued on Page . 3

#### The complete fund manager

TECHNOLOGY has endless implications for fund managers. What are the tools and reference sources of the job?

Michelle Barber heads the team of four that runs Legal & General's Far East and Pacific Basin portfolios. In n typical working day she might

1 Quick (Quotation Information Centre KK) terminal, which provides a prices and information service about Japanese equities

from the Tokyo stock exchange. 2 Dealer board, for telephoning market makers

3 IBM personal computer, which uses in-house and external software to highlight the composition of portfolios.

4 Reuter information service, including world news, foreign exchange, market indices and share prices worldwide.

5 Topic, primarily for London financial information and share price quotations.

7 Long-term Japanese equitity chart book, nowing how share prices have moved over 11

8 Stockbrokers' Information book on Japanese equities.

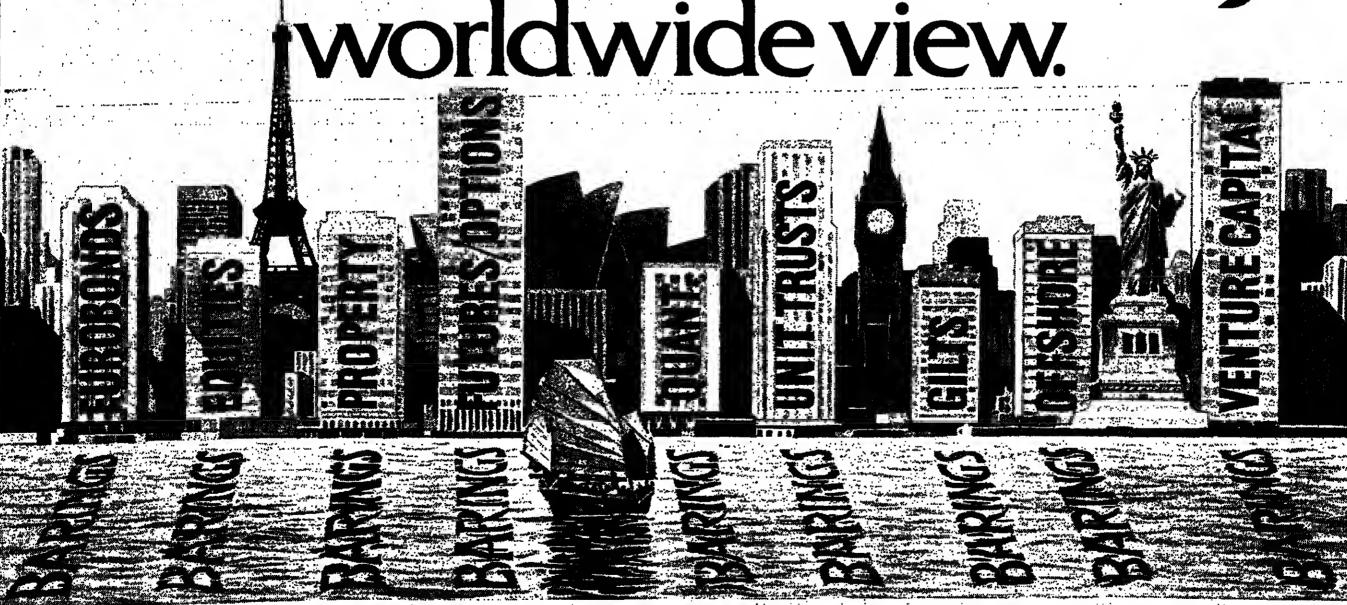
9 Point and Figure charts of international markets, currencles and equities. 10 Japan Company Handbook, which includes

11 IBES (International Brokers Estimate System) compendium of brokers' estimates of world companies' future earnings.

12 China Products — a promotional booklet identifying opportunities that could arise in the future. This is not for everyday use, but illustrates the way a fund manager may spot At Easter, Legal & General's investment

department will move to a new-technology floor in a building adjacent to its present headquarters in Queen Victoria Street. The four screens in our picture will then be replaced by

# vorldwide view.



Lhe Barings group of investment management companies provides a comprehensive range of products and services dedicated to

international investors. If you need to draw on the worldwide and wideranging fund management expertise of the Barings Group, contact any of the people listed across:

R. M. Shaw (UK domestic and

London EC2N4AE Telephone: 01-283 8833 Telex: 8958761

S. D. Cutler (Fund mana - North American secratives) Endowment Management 6 Research Corporation 77 Franklin Street, Boston Massachuserrs 02110, USA Telephone: (617) 357 8480 Telex: 710 321 0864

J. J. K. Taylor (Specialist Management Limited London EC2N 3AQ

Telephonie: 01-588 6133

J. E.McNamara (Fund nanagement for ERISA and other North American clients) Baring International inv 66 Long Wharf, Boston

Massachuserts 02110, LISA

Telephone: (617) 357 9074 Telex: 948093

P.G. Hall (Unit trusts) Baring Fund Managers Limite. London ECZN 4AE Telephone: 01-283 8833

P.P. Walsh (Currency funds) Baring Fund Manage (Guernsey) Limited P.O. Box 71 Bartield House Sr. Julian's Avenue St. Peter Port, Guernsey, Cil Telephone: (0481) 26541

Telex: 8958761

Telex: 4191651

and other financial services Baring Brothers S.A. 8. Rue d'Italie P.O. Box 41, 1211 Geneva 3

Telephone: (022) 28 90 09

Teles: 422 824

Telex: 4191606

A.M. Wilkinson (Fund Guernsey Internations Fund Managers Limited P.O. Box 255 Samia House Sr. Peter Port, Guerracy, C.1 Telephone: (0481) 26541 funds in the UK and Europe) Baring Brothers Hambrecht & 140 Park Lane London WIY 3AA

Telephone: 01-408 0555

Telex: 295082

Telex: 242 4154

A.D. Chambers (Veneure cupital funds in Japan) Orient Capital Co. Ltd. World Trade Center Building 2-4-1 Hamamatsu-cho Minato-ku, Tokyo 105 Telephone: (03): 435 4890

R. L. Housto Baring, Houston & Sa 104-106 Leadenhall Street London EC3A 4AA Telephone: 01-621 i 433 Teles: 894811

K.M.Comming

Real estate consult

Landauer Associates, Inc. 335 Madison Avenue New York, NY 10017 Telephone: (212) 687 2323 Telex: 710 581 2012

asset and liabi Baring Quantitative Management Limit 8 Bishopsgate London EC2N 4AE Telephone: 01-283 8833 Telex: 8958761

O.W. van der Wyck (Development cupital and ment buy-out and b ince in UK and Europe 140 Park Lane London WIY 3AA Telephone: 01-408 1282 Telex: 295082



# GUINESS MAHON

## PENSIONS

Ian Richards **Guinness Mahon Investment Management** 

> 32 St Mary at Hill London EC3P 3AJ Telephone: 01-623 9333 Facsimile: 01-283 4811 Telex: 884035



## SOME MIMFORMATION ON INTERNATIONAL **FUND MANAGEMEN**

When you entrust MIM Limited with the management of an investment portfolio, you'll find our approach is truly international. And very successful. (We were chosen by Money Observer as the best trust group for 1985).

Our key objective is consistent performance from a worldwide spread of investments. We have strategically-located offices in the

USA, Japan and Jersey

And we make sure that MIM fund managers

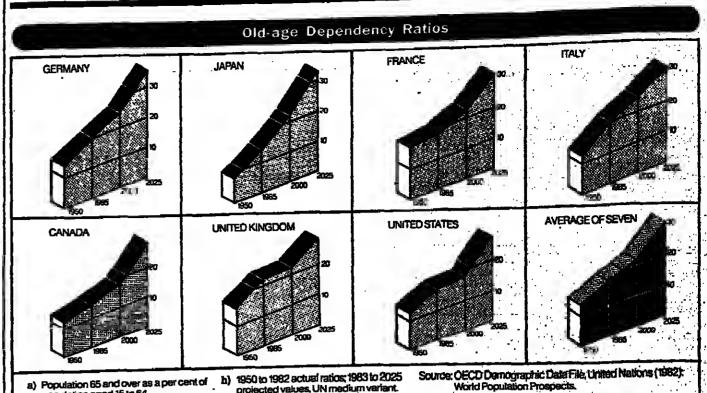
make regular overseas visits to evaluate investment prospects on the spot and in depth.

This 'hands-on' international perspective has long been a major feature of MIM investment management. Today, as part of the £8 billion Britannia Arrow Group, MIM manages international assets of well over £4,500

To find out more, call Malcolm Callaghan on 01-626 3434.

MIM Limited, 11 Devonshire Square, London EC2M 4YR. Telex: 886i08. Facsimile: 01-623 3339.

INVESTMENT MANAGEMENT IS OUR BUSINESS



#### Japanese Pension Funds

## Explosion into the limelight

explosive growth.
It has shown phenomenal growth in the past decade, growth in the past decade, increasing at a rate of 20 per cent a year, and reached Y20 trillion (million million) in June. The trend is underlined by the rapidly ageing Japanese population: the average life expectation of men and women s now 75 and 80 respectively.

This sobering fact has startled Japanese corporate manage-ment and encouraged it to develop pension schemes. At the same time, corporations are able to benefit through a special tax exemption on the reserves put into pension schemes.

According to a survey conducted by Nihon Keizai Shimbun, a leading economic daily, 83 per cent of the nation's corporations listed on the stock exchanges have set up pension fund schemes; and pension assets per company amounted to Y5.73bn in the fiscal year that

There are two types of corporate pension fund in Japan: the Employees' Pension Plan, adopted by 250 corporations (26.1 per cent of the total), and the rax-quainten reusion Fian, adopted by 529 companies (55.3 per cent). Seventeen per cent ave adopted the two schemes. Pension fund management has long been an exclusive pro-vince of trusts banks and life

insurance companies, with their conventional policy of "low-risk and low-return." However, Japanese management houses found their cosy cartel encroached upon by nine

uthority thought pension funds should look for much higher ment houses were expected to acquire asset management tech-

foreign institutions. In fact, the first noticeable effect was on the reporting sys-tem of asset management. For the first time, the Pension Fund Association released a perform-

dent of InterSet, a performance-measuring company, welcomed this new development, saying:
"Even if it covered only 240 funds (Y2,890bn) out of 1,109 schemes (Y12,348bn), it is a great improvement to have reported on the asset management, including unrealised gains and losses of equity portaccurately the difference of

ities. However, these were writ-ten off by capital gains and evaluation profits of stocks and

Mr Chris Nowakowski, presiwhich demonstrates

According to the report, by the Pension Fund Association, on the performance of asset management for the fiscal year that ended in March, the largest group with a total of 1,108 funds, trust banks, managed 85 per cent of the total assets, amoun-

ting to Y12.35 trillion.

The separt said that some management houses made foreign exchange losses in their investment in foreign securities. bonds, reflecting the rally of the Tokyo market.

Looking at the management nouses yield on investment 140 funds), trust banks achieved a yield of 9.54 per cent (compared with 9.50 in fiscal 1984), and life insurance companies 3.95 per with 9.50 in fiscal 1984), and life ing the management business of insurance companies 5.95 per foreign-owned manufacturing companies. In Isaan, Their initiativity, was 0.50 per cent higher than those by life insurance companies. Including those unrealised gains and losses to manage pension funds. There are two kinds of money trust, one is the specified trust market value of equity port-by cash-rich Japanese, corporate works, which is the process of the specified trust account, notably Tokkin, set up to the total yield by trust by cash-rich Japanese, corporate folios), the total yield by trust by cash rich Japanese corpora- of welfare pension funds worth

12.98 per cent is still lower than that of Tokkin funds at around 15 per cent," said InterSec, who attributed this to lower asset allocation to equities. The Pension Fund Associa-

tion intends to raise the equity proportion of the funds to 20 per cent of the total assets for fiscal 1986, from 15.65 per cent in 1985. It also plans to raise the prop-erty element of the funds to 5-

It has been almost e year since the first group of foreign banks set up trust banking busi-ness. Japan Bankers Trust, Morgan Trust and Chase Manhattan Trust formed the advance guard, and the remainder fol-lowed six months later. The aim f foreign banks is to capture a altre of the buge pendion fund management business. Despite initial claims that the foreign institution would quickly win business, on the strength of expertise built up for a long period, they have found it diffi-

Foreign banks complain that they have little chance to dis-play their strength if they do not have assets to manage. Some foreign trust banks are garner-

tions or financial institutions about Y8.85bn The asset allocation by trust depositing the funds in a trust Bank.

JAPAN'S CORPORATE pension value, including unrealised there was growing exposure in the Tokth namagement bustindustry has suddenly been gains and profits of equity portthrust into the limelight by its
folios.

"This average total yield of by 1990, and the fund trust bustness from \$12bn to \$30bn, according to an estimate by the Union Bank of Switzerland's trust banking operation in Japan. However, even in Tokkin or

However, even in Tolkin or fund trusts, foreign banks' performances had lacked sparkle as their expertise is in overseas markets.

Parity to provide business opportunities for the foreign trust banks, the Ministry of Finance allowed trust banks to handle certain foreign currents. andle certain foreign currency Tokkin and discretionary irusts With these deregulatory measures, trust banks are able to establish foreign currency trusts for residents, and Yen and foreign currency trusts for non-residents, by using Tokkin and fund trusts.

and runs trusts.

The ministry's decision was welcomed by foreign banks as a golden opportunity to show their strength, because excesvate sector is seeking high returns overseas, shifting away from the persistent low interest rate in the domestic market sounded not only by regional or mutual banks, but also by medium and low-ranking com-mercial banks to help manage

ers Trust, a trust banking sub-sidiary of Bankers Trust of New York, made a significant breakthrough in the Japanese pension fund market. It was the first among nine foreign banks to manage Japanese corporate pension funds. The bank has been assigned the management

The asset allocation by trust banks in fiscal 1985 was: public aged by investment manage aged by investment manage (40.29 per cent in fiscal 1984); ment companies affiliated with securities houses or banks. The fund for government expenditure, 18.58 per cent (19.55 per cent); foreign currency denominated securities, 16.16 per cent; fund trust, which can give the fund trust, which can give the fund trust, which can give the trust bank discretionary manage ment. This area is most accessible to newcomers, and allows them to manage money without minimum restrictions.

Bank.

As a result of its absorption on October 1 of the financially-troubled Heiwa Sogo Bank, Sumitomo Bank's pension funds rose to Y65bn. Some 9 per cent of assets have been allocated to Japan Bankers Trust, with the remainder being divided between six traditional management. This area is most accessible to newcomers, and allows them to manage money without minimum restrictions.

#### US Pension Plans

## Rich returns on foreign ventures

US APPETITE for foreign InterSec's initial forecasts, is securities continues to grow at a likely to ensure the \$100hn to fast pace as overeas returns, \$130bn, or 6 to 8 per cent, of the compounded by the dollar's fund's assets will be in intersteep devaluation, far outrun national securities by 1889-90, those available from domestic interSec believes.

InterSec believes.

Pension funds operating
under the federal Government's
Erisa (Employment Retirement
Income Security Act) regulations, which account for the vast
bulk, had essets invested outbulk, had essets invested outbulk in the US totalling regular
tions on US stocks and the

The portfolio to weightings business in international fund
management in the US. With
the US, it finds that one
tions, which account for the vast
tion the US totalling regular
tion to weightings business in international fund
management in the US, with
the US, it finds that one
tent (15.1 per cent) and Conspired to winning new business is to inferest clients in its
continuous on US stocks and these side the US totalling \$30bn at (28.3 per cent).

June 30 1986, a dramatic rise
The number of firms competing introduce them to its deep interfrom \$15hn at the beginning of ing to manage these international expertise from its 1985, according to InterSec national assets of US pension

The number of firms competing introduce them to its deep international expertise from its researchers in London, Hong research, e Connecticut consul-tant on international diversification for pension managers. Foreign investments now account for about 3.2 per cent of

with 22 per cent at the end of 1984 and 1.8 per cent at the end

investments.

Yet a note of cantion was
Competition to manage these injected by figures which
portfolios is becoming showed the first ever net outportfolios is becoming increasingly fierce as foreign firms flood into the US to carve out a niche. Meanwhile, domestic securities houses are rapidly enhancing their overeas investment skills as part of their heavy commitment to the globalisation of securities markets.

The opportunity to invest abroad continues to be taken more by large funds than by smaller ones. Studies by Greenwich Associates, a Connecticut research previous for the first ever net out-flow of funds from existing foreign in the second quarter. This was they earn track records in this new field, concern from some pension managers that the first ever net out-flow of funds from existing foreign with the second quarter. This was they earn track records in the second quarter. This was they earn track records in the second quarter. This was they earn track records in the second quarter. This was they earn track records in this experience in the second quarter. This was they earn track records in this experience in the second quarter. This was they earn track records in this experience in the second quarter. This was they earn track records in this experience in the second quarter. This was they earn track records in this experience in the second quarter. This was they earn track records in this experience in the second quarter. This was they earn track records in the second quarter. This was they earn track records in this experience in the second quarter. This was they explained by a shifting of funds to other managers are pension managers that the first ever net out-intowed in the second quarter. This was the second quarter. The second quarter in the second quarter. The second quarter in the second quarter. This was the second quart

balisation of securities markets.

The opportunity to invest abroad continues to be taken more by large funds than by smaller ones. Studies by Greenwith Associates, a Connecticut research organisation, show that 77 per cent of pension funds with assets of more than \$1bm invested abroad in 1985 (np from 65 per cent in 1984), with an additional 5 per cent saying they planned to venture abroad this year.

At the other end of the scale, only 8 per cent of plans with less than \$20m of assets were invested abroad (2 per cent in 1984), with 6 per cent planning to join the bandwagon this year.

Pension funds operating

funds continued to grow apace, Kong and Tokyo.

according to InterSec's figures, Foreign firms according to the end of 1998. according to InterSec's figures, Foreign firms accept that they from 80, at the end of 1983, to 91 will never compete with the at the end of last year, and to an domestic firms in terms of estimated 160-180 per cent by volume of finds managed, but Erisa funds' assets, compared 1989-90.

Many firms have moved the profitable niches by establocation of their international lishing clear identities derived investment activities to the US from their foreign roots. from abroad, shifting the over- Mr George Russell, chairman all ratio of 68 per cent abroad of Frank Russell Company, e

in the US with an appreciable improvement in their business. Thus, 72 per cent of the new monies from pension funds going into international investments were handled by firms with US head offices, compared with 54 per cent in 1984.

Pension funds and leading foreign asset managers agree that, broadly speaking, no more than the top two dozen firms compete successfully in this tough marketplace. Of manager rankings compiled annually by pensions and investment age in terms of assets managed only a handful of the top dozen firms are foreign-owned. The foreigners will probably have an even harder time of it as the leading US securities houses improve their commitment of capital to the expansion and liberalisation of the Tokyo and London markets.

London markets. S. G. Warburg & Co Inc, the US arm of the Warburg merchant bank in the Mercury Securities group, in Loadon, is one of the British firms pushing hard for business in international fund

they believe they can carve out

leading consultants to pension funds, based in Tacoma, Washington, thinks there will always be a role for small specialist fund managers to play, despite the dominance of the hig firms.

the nig firms.

Perhaps the earliest exponent of foreign investment for pension funds, first advocating the move 16 years ago, Mr Russell said he was happy to recommend small foreign management firms when they could not ment firms when they could per-form a service to his clients.

He believes that foreign securities will continue to be an

important part of investment strategies. Currency factors should not deter pension funds, should not deter pension funds, because, over the past 16 years, the fluctuating value of the dollar has evened itself out to around plus or minus one half of one per cent.

For investors who want to take a shorter time-frame, the range of currency-hedging products is expanding rapidly. Goldman Sachs, the Wall Street securities dealer, has intro-

\e\_\_\_

securities dealer, has intro-duced, for example, Quantos. This product allows investors to hedge an unknown future volume of currency, so that, if an investment performs better than expected, the large sum is still covered.

Many factors beyond the superior returns were combining to make investment abroad more attractive and practicable, Goldman Sachs suggested at a Goldman Sachs suggested at a recent. conference. These included advances in communications, financial market deregulation, interdependence of economies, global perspectives in investment banking, and currency hedging techniques. But atset managers, particularly foreign ones in the US, are having to fight harder in the crowded field to get a chance to show what they can do for pensisted. show what they can do for pen-sion and other funds.

Rod Oram



Individual Investors

## Trusts provide route into foreign shares

BRITAIN is becoming a nation of shareholders. This was o recent headline summing up the findings of an opinion poll con-ducted for the TSB group in following up its successful flota-

One of its main findings was One of its main findings was that 7m people in Britain now held shares. Although this is one out of every six people it is still a low proportion compared with the US. Nevertheless it represents a trebling of private share ownership sincce 1983.

So, although there is still a long way to go before the Government's ideal of a share owning domocracy is achieved, it can be claimed that the move ts now under way.

now under way.

This interest in direct share This interest in direct share ownership was fostered by the Government privatisation issues, particularly British Telecom, and private issues such as TSB and Abbey Life.

However, this growth in many cases is confined to individuals halding just one organisation's shares—which they successfully obtained in their application; and one holding does not make a portfolio.

a portfolio.

The survey does not as yet

expected in 1996 to 2000 in 1996 to 2000 in 1996 to 2000 in 1996 to 2000 in 2000 to 20

to provide the management of t

ets freight

ie persulatilira. Lice domani m Lic Trusi Egitado

January has

and the many.

Cho &

nture

show whether private investors are generally following the move by institutions to expand their equity portfolios on an international basis. However, direct investment is not the only route available to individuals into equity market. Unit trusts unit-linked life contracts and investment trusts

have for decades provided equity investment vahicles on a equity investment vahicles on a pooled basis. The past few years has seen a growing use by investors of unit trusts and unit-linked life bonds, with sales in both breaking all records this linked life bonds, with sales in US, one Japanese and now one both breaking all records this European Fund.

year. The increased use of This leads on to the problem year. The increased use of investment trusts has been

Where investors have used unit trusts or unit linked life assurance as their investment vohicle, the demand for an international portfolio is stedily growing. This is particularly apparent in the unit trust field

approach, or at least a flavour of the year. The first major move overseas was to offer US funds. Then came Japanese funds and finally ebont two years ago fund managers discovered the invest-mont potential of Europe, still the current overseas investment

favourite.
Overseas trusts come in certain forms. There can be gene-ral investment funds in one country, such as US or Jepanese funds. Or investment can be in o group of countries, such as Far East or the Pacific Basin fuods. But it is now rare to find International funds as such. Investors are more and more building np their own portfelies of unit trusts, often with professional advice, and as such require spe citic overseas funds to enable them to get their own mix and spread of UK and overseas investments rather than have an international fund.
Indoed, there has been a

demand for specialist overseas funds such as Japanese technology or smaller companies, mainly to fit in with trust port-

folio requirements.
It is very difficult to get precise figures from the unit trust industry on the extent of investment into overseas trusts by unitholders. But there are ot least as many overseas funds as there are UK funds.

Marketing of funds is not very difficult. One management group get the idea of a new overseas investment funds and if it is successful the rest of tha

of the necessary overseas investment expertise for these funds. The number of individual fund managors with this exper-tise is limited and they com-mand high salaries and other benefits.

In general, unit trust groups have had little difficulty in where the demand for overseas where the demand for overseas trust sales under current boom of overseas equivalent trust of trust sales under current boom of overseas equivalent trust of trust sales under current boom of overseas equivalent trust of trust sales under current boom of overseas equivalent trust of trust sales under current boom of overseas equivalent trust

Components of change in old-age pension expenditure: 1960-83

	0	Due to change in					
	(1) Increase in expendition time ratio <sup>1</sup> %	(2) Demogra- phic ratio %	(3) Senefi- ciary ratio	(4) Transfer ratio			
Australia Austria Canada Denosark Finland Germany Ireland Italy Japan Lucemboury Hetherlands New Zealand Horway Sweden Switzerland United Kingdom United States	46 202 123 50 67 79 132 165 652 63 140 132 172 176 265 90	18 18 32 40 69 39 -3 46 61 24 31 16 41 42 35 28	41 72 207 -5 -3 -3 -3 -4 20 147 44 41 52 22 -4 59	-12 48 -45 13 2 14 99 58 -8 75 49 182 27 60 182 25 19			
Average	158	33	44	41			

ura age pension expenditure to national income. If the changes of the ratios were expressed in absolute terms rather than in percentages, the first columns would be equal to the product of the second third and fourth columns. the second third and fourth columns.

(2) Population 65 and over to total population.

(3) Number of beneficiaries to population 65 and over.

(4) Average pension benefits to national income per capita of population.

Nevertheless, there is o grow-ing move for joint vontures between investment houses to provide overseas investments, in porticular between life com-panies and the specialist invest-

ment houses. Until recently, mony life com-panies confined their equity investment portfolios to the UK market and have no in-house expertise in overseas market. For them it is goicker and easier to link with e specialist investment house to get that expertise. Far East investment specialists are in strong

Some newly formed unitlinked lifa companies arrange their overseas investment by aimply investing in overseas unit trusts, negotiating reduced charges for huying units. Such tie-ups, whether by direct investment or through

buying units, provide the invest-ment houses with eccess to the retail market for their eversess investments that would not have be available otherwise. Life companies bave country-wido marketing networks, either through their own direct sales forces or through independent rather overlooked by the gene-

Investment trusts have been ral investing public as a means of overseas equity investments,

trusts were first established over o century ago to provida the smaller investor with a means of investing overseas, which then meant in North

America.
Investment trusts suffer certain marketing disadvantages compared with unit trusts and they took an investment blow over a decade ago whon dis-counts between asset valoes and share prices wideoed to an average of 30 to 40 per cent. In the past few years, thoy have changed their nature appreciably from being general equity funds to becoming highly specialised in ooo or more overseas markets. Now the invest-ment trust industry is endevour-

ing to get its prodocts to a widor investment public. The major investment trust groups are now developing investment trust portfolio services for the individual investor covering both UK and overseas

Finally, the introduction of Personal Equity Plans at the beginning of next year offers the individual investor yet another route into equity investment, using both direct holdings and unit trusts. Though the scheme at present is intended to be solely a UK equity vehicle, once established the demand for international portfolios could well follow.

European Pension Funds

## Freedom dawns for private funds

UNTIL recently, the scope for pension investment in Europe has been extremely limited, so that international equity investment was something that happened elsewhere. Strong government controls effectively prevented a major equity investment.

At one end, the major part of pension provision was through the state schemes operating on o pay-as-you-go basis, with very little private pension provision. Countries such as France, Italy this approach.
West Germany has had a thriv-

ing private pension section on top or alongside its state provision. But this has operated on an unfueded basis, the pension liabilities being allowed as

liabilities being allowed as book reserves.

Countries such as Switzerland, Belgium and those in Scandinavia have thriving private pension provision. But there are strict controls over the investment policy that such funds can adopt, with the emphasis on fixed interest holdings. These funds have found their equity holdings restricted, with little scope for adopting an international approach to equity investment. Much greater use is made of insured schemes in private pension proschemes in private pension pro-

Those countries relying heavily on the state to provide the pension are finding that demographic and other factors are imposing increasingly heavy financial strains on public expenditure. Pay-as-you-go means that contributions received go straight out to pay the benefits.

To relieve this financial strain and cut government expenditure, the government expenditure, the government expenditure, the government expenditure, the government expenditure of the countries concerned are encouraging private pension.

expenditure, the governments of the countries concerned are encouraging private pension able time for the new climate to provision on a pre-funding basis.

However, while the lee may be marketing effort from tha UK marketing effort from tha UK institutions to get into the European pension funds are allowed to invest overseas, the attitude bave a major presence.

switching to complete freedom for these funded pension arrangements, including investment for their portfolios, while overseas equities are for illingted to 10 per cent.

Holland has an attitude to pension provision more akin to pensions in the UK or US, with a thriving private sector and e more relaxed attitude by the anthorn lities towards investments. But twest to encourage peopla to make their own provision.

West Germany has also inttimated for their portfolios, even in countries like Holland sand Switzerland that have allowed equity holdings, indeed, in West Germany and Switzerland bond investment titles towards investments. But tives to encourage peopla to make their own provision.

West Germany has also intimate funded pension arrangements. Tho use of book reserves implies that the employer is going to remain agers have moved into equities, is business—a reasonable investments local and there has but risky under current conditions.

In the Scandanavia—

In the Scandanavia—

I tall LIX

This has considerable implications for UK financial institutions wishing to move into the European pension heard of the liberalisation moves, and the potential this offers to market their global investment expertise and ser-vices. But often it is unknown territory for fund managemen

Eric Short

## Costs under scrutiny

Continued from Page 1

down economic growth and increases unomployment.
The argument makes several dubious assumptions, even if its premise is accepted, that it is worth sacrificing the possible returns of peosion funds to achieve greater domestic investment. But even if greater investment in the UK could be achieved, it might lead to greater rather than less usemploy-ment, because of the substitution of capital for labour. In any ease, the Labour proposals may wall ochieve no more than to encourage UK multinationals to increase their oversas invest-ments to take up the slack caused by the cut-back in foreign portfolio investment.

The more sophisticated argumost against the present scale of international investment both from the UK and from Eric Short other countries claims that the

main concern of pensioners is tor can reduce tha expected with their standard of living returns from overseas invest-relative to the rest of their com-ment significantly, perhaps by 2 munity. A UK employee would per cent a year, and shifts the prefer the value of his pensions risk-reward trade-off in favoor to be linked to the fortunes of of a more modest level of diver-the UK economy rathor than the sification. world as a whole, except Tho high costs of overseas perhaps to the extent that ha will have to buy imported goods. Thus the proportion of assets pension plan sponsors to diverinvested overseas should arguably equal the proportion of ahead of their ability to implenational income spent on imports, ie, about 25 per cent.

The other less of the argument, they are working out they are working on the less of the argument.

Tha other leg of the argument they are working ont. focuses on the odditional costs. Some of the costs are of overseas investment. These able, particularly those of with-include the costs of gathering holding taxes and settlements, information about foreign com-panies and markets, of dealing exchanges (and UK fund manaand settling deals, the complica-tions over collecting dividonds and handling the withholding tax on dividends (especially for amended to exampt pension funds which are often unable to recover the tax), the costs of huying, selling and hedging foreign currency. This fac-

Some of the costs are unavoid-

gers) are now introdocing olec-tronic settlement systems and taxation treaties are being amended to exampt pension

actual portfolio management of overseas portfolios. Over the past three years, tho underperformance of UK and other international fund managers against the relevant inter-national benchmark indices has been so serious that it cannot be explained morely by reference to dealing costs. Poor currency decisions (in particular hedging the dollar too early or too late), poor assot allocation (too little in Japan) and poor stock solec-tion are all to hlame.

A more radical approach pro posed by some US consultants, such as Frank Russell, is to set up o core international equity portfolio on a passive basis, with no active selection of aithor stock market or indi-vidual shares. At the same time, small amounts of money are given to other bouses, often bontiquo operations like
Walter Scott's, to manago as
part of a highly concentrated,
specialist and risky fund.

## OUR INTERNATIONAL FUND MANAGEME EAMS WOULD EASILY FILL THIS AIRCRAFT.

Numerically, it's no problem. With no fewer than fiftyfive fund managers and analysts responsible for overseas markets, as well as their administrative and supporting staffs, this aircraft would have standing room only.

The problem is one of geography: it would take at least a week's flying time to collect them all.

From London, Zurich, Tokyo and New York. From Hong Kong, ...

Melbourne and Sydney. Even from Manila, Taipei, Seoul and Kuala Lumpur

in short, we know that you need good people on the ground to get your overseas portfolio off the ground.

Which is why our specialists here in London are able to manage your assets in any market, drawing upon the information they receive from Flemings' network of experts around the world.

For example, a US portfolio assigned to our North American Group will benefit from our extensive knowledge of the US market (After all, we have been investing in the USA for over a hundred years.)

And in the Far East, Flemings is the largest foreign investor in the Japanese. market, with offices throughout the Pacific basin.

Those of you with a broad international perspective, who are baffled by the choices available, can seek the advice of our International Portfolios Group, based

in London, but investing in markets worldwide.

Perhaps you are looking for an international bond and currency manager, in which case our Multi-Currency Fixed Interest team can develop a portfolio which meets your needs.

Alternatively, if you prefer your assets to be managed

on the ground in Tokyo, Hong Kong, Zurich or New York, our specialists will be happy to take off to come and talk to you.

As you ponder these complexities, consider one further point. Our skills in managing distant investments are matched only by our determination to maintain

close and frequent contact with our clients.

. So investments which are out of this country won't be investments beyond your control.

For further information, contact Patrick Johns at

Robert Fleming Investment Management Limited. 25 Copthall Avenue, London EC2R 7DR. telephone (01) 638 5858.

He's not one for exaggerated sales talk. But all the same, he'll promise you the earth.

INVESTMENT MANAGEMENT LIMITED

CONSISTENT INVESTMENT

Entrusting money to an investment management company is a decision which no investor, institutional or individual, takes lightly.

We do not act as market makers, nor do we provide corporate. finance advice - each investment decision is made impartially, based on the

intrinsic merits of the proposition. There are no conflicting considerations. We deliver real investment performance.

Our unit trusts, pension funds and investment trusts feature

regularly in the top quartile of their various sectors. What Investment' named us Fund Manager of the Year for 1985 and in Hong Kong, the South

It's entrusted to Gartmore because...

China Morning Post' paid us the same compliment.

Pension Funds need dedicated

Our managers always seek the best

investment profile for each pension fund under management, producing consistency over the long term - the true perspective

the WM Company performance survey over the last one, three and five years. We are global in our

international investment management. Today we offer a range of 21 authorised unit trusts, which invest in all the major markets of the world. There are Gartmore investment offices in the UK, Japan, USA and Hong Kong, employing a wealth of local expertise and experience.

Gartmore has always been

Our predecessors were among the first investment management houses to offer

has been impressive. Assets now exceed US\$ 275 million.

international equity investments in the shape of investment trusts.

Today Gartmore manages £710 million in nine highly successful investment

the launch of the Jersey-based Capital Strategy Fund Limited in May 1984 – the first open-ended "umbrella" company to provide investors with equity, specialised and currency deposit sub-funds, trading daily at net asset value.

It has attracted investors from more than 50 countries and its performance

services, please contact Jo Durrant on (01) 623 1212 or write to her at 2 St. Mary Axe, London EC3A 8BP.

We speak the

Gartmore's innovative approach to international investment led to

Consistent investment performance. For all investors, the only real

For further information on Gartmore's wide range of funds and

for pension funds. The Gartmore median is well into the top quartile of

committed to providing truly

We are long established.

We are imaginative.

The reward?

We are independent.

management.

thinking.

#### Flows of funds

## Hastening the revolution

IN 1975 non-domestic investment by the world's pension funds came to \$50n. By 1985 it had risen to \$850n, and on most projections it will hit \$300bn in 1990.

These figures neatly sum up the recent surge towards inter-nationalisation in the stock and bond markets of the major industrialised countries.

They do not, however, give any indication of the enormously uneven pattern of foreign investment, or of the slow revolotion in fund management this line in the HS and Incar thinking in the US and Japan which underpins the faster growth expected over the next five years.

According to InterSec, the

pension fund management con-sultants, the UK pension funds in 1985 led the world in foreign investment in both relative and

sultants, the UK pension funds in 1985 led the world in foreign investment in both relative and absolute terms. The UK had \$34bn overseas, representing 17 per cent of pension fund assets. This was mainly in equities and split between the US (50 per cent), Japan (25 per cent) and centing in equities, with 40 per cent in Japan and the rest.

The US invested \$27bn (now estimated at \$38hm)—again mainly in equities, with 40 per cent in Japan and the rest spread—which came to e little over 3 per cent of total assets. Jepan Invested \$3bn, almost entirely in US government thours, the Netherlands \$5bn and Canada \$4bn.

By 1890, according to InterSec, the US will have overtaken the UK (in absolute, hut not relative, terms) with investments of \$130kn, representing 8 per cent of pension fund assets. The UK will have risen to \$84bn, or 25 per cent of total assets. The UK will have risen to \$84bn.

Of course, pension fund assets. The UK will have risen to \$84bn.

Of course, pension fund assets. The UK will have risen to \$84bn.

Of course, pension fund assets. The UK will have risen to \$84bn.

Of course, pension fund assets. The UK will have risen to \$84bn.

Of course, pension funds are not the only source of non-domestic portfolio investment. They are the dominant force in US forcign investment, but in the US, the UK fund managers have taken the lead (partly because of earthquake fears). And in the UK, of the £40bn invested abroad by UK pension funds, unit trusts and insurance companies at the end of 1984, increase and it is now closer to reent; and it is now closer to per cent. The end of 1984 increase can be gained from the pension funds, and the rest.

Another perspective on the percent in 1982, 14 per cent in 1982, 25 per cent in 1982, 25 per cent in 1982, 26 per cent in 1983, 25 per cent in 1982, 15 per cent in 1982, 16 per cent in 1982, 16 per cent in 1982, 18 per cent in 1982, 26 per cent in 19

pension funds.

Nevertheless, the figures for foreign investment? According pension funds flows have been to Mr Paul Woolley, director of the most closely monitored, and it is the menagers of these funds—especially in the US—ment provides scope for wbo are generally the trendsetters in overseas investment.

French, German and Dutch fund managers, with restricted investment opportunities et home, have long accepted the need to invest overseas, and often hold more than half their completely absorbed by adverse portfolios in foreign securities, currency movement.) often hold more than half their completely absorbed by adverse portfolios in foreign securities, currency movement.

Since the lifting of exchange controls in the UK (end Anstrational Pritish fund managers have has now reached its optimum been catching up. In 1879 over-level? On the face of it, with the seas investment by UK pension UK's growth expected to funds was 5 per cent of assets; et decline relative to the major forward.

US pension fund managers, investments at home with much blessed with the world's biggest. larger sums, thus avoiding large statements at home with much blessed with the world's biggest. larger sums, thus avoiding large statements at home with much blessed with the world's biggest. larger sums, thus avoiding large statements at home with much blessed with the world's biggest. larger sums, thus avoiding large statements at home with much blessed with the world's biggest. larger sums, thus avoiding large statements at home with much blessed with the world's biggest. larger sums, thus avoiding large statements at home with much blessed with the world's biggest. larger sums, thus avoiding large statements at home with much blessed with the world's biggest. larger sums, thus avoiding large statements at home with much blessed with the world's biggest. larger sums, thus avoiding large statements at home with much blessed with the world's biggest. larger sums, thus avoiding larger sum



OECD countries, investors might be expected to expand their offshore portfolios. OECD

But some expect UK fund managers merely to reshuffle the pack—switching, for exam-ple, from the US to Germany (which recorded equity returns of 90 per cent in 1985), or to the new markets in Korea, Taiwan and Portugal—while keeping the overall level of foreign investment et 20 to 25 per cent.

investment et 20 to 25 per cent.

For one thing, there is no direct link between GNP growth and equity returns. As Phillips & Drew has pointed out, of the countries housing the world's six largest equity markets, the UK had the lowest average growth rate between 1976 and 1935 (1.8 per cent) but the second highest equity return (22.4 per cent). During the 1990s, return on overseas equities has return on overseas equities has actually been marginally below UK equities; and in 1965 the gap-widened to UK 20.8 per cent, overseas 12.3 per cent.

overseas 12.3 per cent.
Secondly, a new foreign investment theory—proposed by Mr Woolley—suggests that the UK is already close to the optimum level. His view is that the optimum risk level for a fund manager is struck where the proportion of portfolio investment in foreign securities corresponds to the degree of openness of an economy. In other words, where the proportion invested overseas equals the import penetration of the UK economy—which is about 25 per cent.

According to this view, the UK is close to optimum; Japan has e little way to catch np; and the US is due for a huge leap

following a reinterpretation of the Employee Retirement Income Security Act (Erisa) in 1975—which suggested that fund managers should consider riskreduction as well as return enhancement in their invest-ment policy—many still regard foreign investment as jumping

off a cliff.
With more than 15 stock exchanges out performing the US in 1985-86, the attractions of moving abroad are becoming more obvious, although those managers who missed the 1985-96 because man feel it is the late.

managers who missed the 1985-36 bonansa may feel it is too late to join the bandwagon.

Some funds now have up to 20 per cent abroad, but there are many more that still have nothing. However, it appears that a 10 per cent international. allocation is now becoming more broadly ecceptable, and more proady ecceptance, sind even the conservative managers of the huge state employee pen-sion funds are beginning to eccept that some diversification

sion funds are beginning to eccept that some diversification is scinally safer.

One institutional cause of the greater insularity of US fund managers may also be crumbling thanks to the ingenuity of Morgan Guaranty. Whereas in the UK many funds—especially local authority pensions—band complate control to the fund managers in the US the fund managers can only operate within strict guidelines laid down by the company or local authority pensions officer.

Acting on the assumption that pensions officers, like most people, prefer to evoid taking decisions, Morgan recently wrote to all its pension fund clients asying that if proposed to internationalise its portfolio unless expressly told not to.

In Japan, the trend towards greater internationalisation has been promoted by the Government To stem the rising yen, it has raised the limit on oversess holdings allowed to insurance companies and trust bank pension funds from 16 per cent to 30 per cent.

Few funds have more than 15

per cent.

Few funds have more than 15
per cent oversees, but the growing trend is the move from foreign bonds into foreign equifies.

Until recently, nearly 10 per cent of foreign investment was in bonds, but between 1984 and 1985 the trade in foreign equities rose from \$3.1bn to \$10bn.

equities rose from \$3.100 to \$1000.

The Japanese, characteristically, are planning their move into oversees equities with precision. Some investment managers in the west believe they are learning the ropes through handing out e small amount of money to be managed in the UK or US, and then tracking the or US, and then tracking the investments at home with much larger sums, thus avoiding large

94 (CA) 25 (CA)

2 2 C

Tree States

#### Currencies

## When depreciation wipes out gains

THE FALL in the oil price has sent sterling skidding in the last year. It is now roughly where it started 12 months ago against the dollar, and considerably lower against European currenties and the property in the cies and the yen. But, in the meentime, it has been subjected to wide finctuetions.

The job of UK fund managers

The job of UK fund managers has consequently been fraught with risks—and opportunities, too. Even if their enalysis of e particular company's prospects is good, anything they gain from an eppreciation in its share price can be more than wiped out by e depreciation of the currency in which it is denomi-

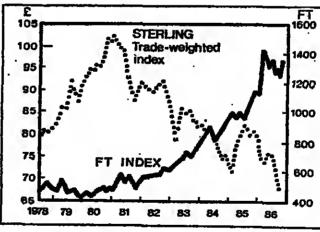
nated or vice versa.

There is little agreement among international fund managers about how to solve this problem. Some take the view that it is best to use the whole range of financial instruments currency options, futures and back-to-back loans—to bedge against currency finctuations. Others think it is seldom possible to add value by using these techniques, and that the way to deal with an expected dollar depreciation is to put less of

their funds into America.
Crudely pnt, sometimes a currency prediction may be right, other times it will be wrong. On everage, it will be neither right nor wrong, but whoever uses one of the financial instruments to hedge will be landed with the transaction

Mr Kevin Packenham, chief executive of Foreign and Colomial, takes issue with this view:
"An average performance must
be the average. But some fund
managers are better than the
everage. The art of our business is to edd value by epplying our skills to this market."

His firm's approach to currency management for the F&C Investment Trust is as follows. First, it works out an equity distribution by looking et the long-term growth poten-tial of different countries. Then it works out a currency distribu-tion. This is done not so much by looking at fundamentals for considerable periods of time, currencies can be out of line with fundamentals—but by looking et capital flows. " If we like a currency, we take out a forward exchange contract," says Mr Packenham. "If we don't, we borrow in that currency."



A country's currency and equity market don't necessarily rise and fall together. There may be an inverse relationship.

There are tax advantages in taking ont a forward exchange contract, rather than buying in the forex futures market. The former is seen by the anthorities as an investment, even though there is no commitment to use the foreign exchange to buy foreign equities. The latter is seen as trading and therefore

is seen as trading and therefore more speculative,
Ms Madaleine Hall, a European fund manager at Schroders, says: "The situations when you can hedge and make a profit are rare." One of these was in the run-up to the French presidential elections in 1981, she says, when it was presty clear says, when it was pretty clear that an incoming socialist gov-ernment would devalue.

This opinion is inevitably influenced by the fact that a European fund is concerned with the major European currencies, and that these (with the exception of sterling) are fixed against one another by the EMS. But it is backed up by a philosophy of gambling, too.

"It is instinctive when things

get ont, often
all the benefits have
come in," says Ms Hall. "When
things are going badly, though,
the instinct is to hang on in. A
few years ago, e lot of managers
bedged the dollar e little too
early and got burnt."

So her policy is to hedge
rarely, but to use her view on

currency movements to influ-ence the type of companies she buys. "If you think the dollar is weak, then you put your into German domestic com-panies, not exporting indus-

on inverse relation currency epireciates, it becomes difficult for that country industry.

Nor does he believe that the cost of using hedging instruments. At the moment, they are unable to use options and futures, and so are limited to hedging via back-to-back loans. However, he helieves in hedging only when it loads. loans. However, he helieves in hedging only when it looks as though there is going to be an appreciable movement in the Alternatively, if he has strong

views about where a currency is going to move, he will buy that currency and earn interest on it. At one point recently, for example, he had such a high opinion of the Deutsche Mark that he invested 50 per cent of the Ham-bros Investment Situations

convinced there is going to be e substantial move in the currency to use these instruments, because of the premium," he says. "A currency is like elastic. You know it is going to rebound, but you don't know when and how for."

when and how far."

The various hedging instruments are short-term instruments. From e longer-term perspective, Mr Welman argnes that "currency thinking may be reflected in market thinking. In the long run, the currency and the economy tend to move

together."
Such a view is opposed by Mr
Howard Flight, who runs Guinness Mahon's investment
department and believes in the very active management of cur-

rencies.

"In the long run," be says, quoting John Maynard Keynes, "we're all dead. If you don't manage currencies, you are doing fund management with an

doing rund management with an eye patch on."
Instead of believing that e country's currency and equity market are likely to go up and down together, be thinks there is generally en inverse relationship between the two. As a currency appreciate.

to currency management in their global equity fund is as follows. First, it chooses what follows. First, it chooses what percentage of its funds it wishes to invest in each country. Second, the specialists in each country choose which individual shares to buy. Third, the specialist appropriate specialist currency team, which manages e currency feam, which manages e currency fund, will arrange by the use of forward markets that the currency exposure in the equity fund is the same as that in the currency fund.

Why go to such lengths?

"Because the question, 'shall I cover my US position?'," says Mr Flight, "begs the question of which currency to cover in."

Hugo Dixon



Today it is technically possible to run an international investment company largely from London, communicating with the world by telex, fax and telephone. Some companies do. Others establish token offices abroad to claim a presence in key financial centres.

AVESTMENT TRUSTET

OVER \$2-4 BILLION UNDER GROUP MANAGEMENT

CAPITAL STRATEGY

HUT THUST 23X

That is not enough for GT. We've set up fully staffed offices in the main markets in which we operate worldwide. It's the only way to monitor trends, assess markets and make decisions with the depth of knowledge essential

It is this kind of expertise which has twice in recent years led the Observer to nominate GT, "Unit Trust Managers of the Year" and made GT a leader in overseas

management of US pension funds.
Like us, professional advisers
realise the value of fund managers on the ground in Tokyo, Hong Kong, San Francisco and Silicon Valley as well as London - fund managers who are frequently on the move within their own investment areas, and in constant touch with GT management interna-tionally. With offices spanning the world's time zones, GT experts exchange information, confer on judgements and maintain awareness of market opportunities 24 hours a day.

Speaking to members of the world inancial community not just in their own language, but in their own countries, helps to create GT's success-year after year.

GT Management 8th Floor, 8 Devocahire Square



## Bilateral deals augment new laws at home

THE TOUGHER regulatory climate for investment managers solo traders, however, is likely has been highlighted by a series to prove a severe strain on the of developments in the US, UK of developments in the US, UK and Japan over the past six

'ember 19 h

ers, in the US believes, the the US believes can sake the company of the company

47.49 trom 10 peres.

unds have have

C. C. ETTERS MAIN

Totally, regard of the property, recordly, regard of the property of the prope

intende um

ATL SATELLE

POR SESTIMATE AND SESTIMATE AN

ed the where na nut a stablet Land Street Land F 57.14 21 277297.

le-er, leer fran January of the Comment of the Commen Devid Gov

months.

The hilateral agreements reached between the US Securities and Exchange Commission and their regulatory counterparts in Japan and the UK will facilitate the exchange of information about malpractice in the securities markets. Bilateral agreements with other countries are expected soon.

The other development is the

The other development is the laws recently passed in the UK and Japan which should end many of the abuses that have become part of the custom and

become part of the custom and practice of the Industry. Until now, investment managers and advisers have been able to escape tight regulation because their businesses are low-risk and require little capital.

In the UK, the original impetus for the Financial Services Act, which became law earlier this month, was the collapse between 1980 and 1983 of several small investment manlapse between 1980 and 1983 of several small investment management firms which had offered to put their eliants money into securities and futures contracts. The Act not only brings these firms under regulatory control, but will also lead to much tighter controls being imposed on the City's large, traditional fund management operations in the insurance companies, merchant

ment operations in the insurance companies, merchant
banks and independent houses.
Under the structure that has
emerged in the City over the
past two years and is sanctioned
by the Act, two self-regulating
organisations (SROs) will be
responsible for investment
managers under the aegia of tho
Securities and Investments
Board (SIB).

Many of the smaller firms that offer portfolio management ser-vices to clients (often through unit trusts) alongside brokerage and other advisory services are already members of the Finanarready members of the Finan-cial Intermediaries, Managers and Brokers Regulatory Association (FIMBRA). FIMBRA was granted recogni-tion as a regulatory body under a previous Act by the Depart-ment of Trade and Industry in 1932 and hes already brill to an

1983 and has already built up an extensive rule-hook. .To keep tabs on an anticipated membership of several the organisation which has already been embarrassed by the collapse of one of its member firms this summe

The other SRO, the Invest-ment Management Regulatory Organization (IMRO) will focus organisation (IMRO) will focus more specifically on investment management houses, particularly the larger and longer-established pension fund, luvestment trust and unit trust managers. Its chief executive, Mr John Morgan, formerly investment manager of the British Rall pension fund, has already not down a marker in already put down a marker in the draft rules he has been senthe draft rates ae has been sending out to likely members and trado associations over the last few weeks. The proposed rules, to take effect towards the end of next year, have to provide an equivalent standard of investor protection to the rules of the SIB.

The basic philosophy of the draft rules of both the SIB and IMRO is that adequate protection can be ensured through the full disciosure by fund managers of all forms of benefit they gers of all forms of benefit they may receive from managing n client's money, and of all the conflicts of interest they face. Disclosure, therefore, will be the main defence against the covert forms of charging, parti-eularly as applied to pension fund clients, which have thrived over the past two decades.

Benefits given by brokers to fund managers, in the form of research services and paid for out of the clients' money, will be permitted. But more personal benefits — for example, a spon-sored trip to Jupan, even if It includes company visits — will probably be banned.

Some fund management houses, such as County Invest-ment Managers, the National Westminster bank subsidiary.

which have always relied exclu-sively on explicit fees, object to the "disclosure is enough" stance. They say that their com-petitors will appear to undercut them with lower charges, while making up the difference through hidden benefits. The most important of these benefits are the use of high-charging in-bouse unit trusts for



Mr John Morgan, chief executive of the Investment Management Regulatory Organisation, has put down a marker in the draft rules he has been sending to likely members and trade associations.

which allows the fund manager ment management charge. This the Act have not yet been finsi-to charge his clionts a higher characteristic of trustees is ised. The main issues being rate of stockbroking commis-sion than he actually has to pay. pension funds, which have adequacy, the employment of rate of stockbroking commis-sion than he actually has to pay. The reaponse of the SIB and IMRO to such objections is that pension fund trustees generally have access to experienced pro-fessional advice. Provided all the forms of indirect benefit are disclosed in the investment management cootract, trustees will be able to decide whother they are being offered value for

money.

There are three possible objections to this argument.

The most important of these benefits are the use of high-charging lu-house unit trusts for pension fund clients and "continuation and aggregation".

The most important of these pension funds — the pension. The Japanese Investment performance in the most important of these pension funds — the pension. The Japanese Investment performance in the pension funds — much less comprehensive than that they are doing a fine job by its UK counterpart, and the negotiating such a tow invest- detailed rules giving effect to

sion.
The extent to which penson fund trustees will have to seek nuthorisation as investment the corporate finance departadvisers under the Act has yet ments of the securities houses to be clarified, ulthough most of domping the residue of are exepected to side-step the ohligations.

Some of the other abuses in their managed funds.

But the more subtle types of being teatled include: the being teatled include:

objections to this argument. Some of the other abuses
First, it does not apply to loexperienced individuals, such as
unit trust and life assurance
investors. Second, even pension
fund trustees often lack the
expertise to appreciate the
significance of all the elauses in
small print about indirect which have already risen in
benefits. At best, the rules will
be providing extra work for
lawyors and pension fund coosultants.

Some of the other abuses
helic tackled include: the indices the protefolios
excessive commission-generatthe profession funders of the other abuses
helic tackled include: the profession-generation of the use of hard-selling termover of portfolios
houses and the use of hard-selling techniques by door-to-door
salesmen are oot being tackled
ing techniques by door-to-door
salesmen are oot being tackled
ing techniques by door-to-door
salesmen are oot being tackled
ing techniques by door-to-door
salesmen are oot being tackled
ing techniques by door-to-door
salesmen are oot being tackled
ing techniques by door-to-door
salesmen are oot being tackled
ing techniques by door-to-door
salesmen are oot being tackled
ing techniques by door-to-door
salesmen are oot being tackled
ing techniques by door-to-door
salesmen are oot being tackled
ing techniques by door-to-door
salesmen are oot being tackled
ing techniques by door-to-door
salesmen are oot being tackled
ing techniques by door-to-door
salesmen are oot being tackled
ing techniques by door-to-door
salesmen are oot being tackled
ing techniques by door-to-door
salesmen are oot being tackled
ing techniques by door-to-door
salesmen are oot being tackled
ing techniques by door-to-door
salesmen are oot being tackled
ing techniques by door-to-door
salesmen are oot being tackled
ing techniques by door-to-door
salesmen are oot being tackled
ing techniques by door-to-door
salesmen are oot being tackled
ing techniques by door-to-door
salesmen are oot being tackled
ing techniques by door-to-door
salesmen are oot being tackled
ing tackled
ing tackled
ing ta

traditionally employed stock- financially experienced and brokers as fund managers "socially acceptable" (ie non-because they have taken all criminal) advisers and the pretheir fees in the form of commission of some of the more vention of some of the more obvious conflicts of interest. For example, the rules should end the traditional practice in

sultants.

Sultants.

Third, and perhaps most financial sonodoess ("capital important, pension fund trusace and tr discretionery funds. Some foreign firms, however, still
fear, that other administrative
obstacles will be placed in their

Clive Wolman

New theories

## Managers in US and UK differ on academia's value

TIME-HONOURED City adages about the stock market, such as, "Sell in May and go away," have traditionally been dismissed by business school professors of financa as no better than old by the use of a synthetic option. wives' tales.

Bot a symposium held last divide, the general applicability poeember, in Brussels, was symptomatic of n development which may challenge the assumption that academic research into finance has generally been simed at anademic times to it. erally been aimed at undermining the activities and livell-hoods of professional fund man-

Ever since Dr Harry Marko-witz developed modern port-folio theory in 1952, a growing body of volume of statistical analysis of share price move-ments and portfolio returns on both sides of the Atlantic has pointed to the same conclusion.
Nearly ell securities in which
there is a liquid market are effielently priced, it suggests; i.e. their prices fully taka into account all available information about the underlying com-panies. Therefore fund mana-gers should stop trying to pick individual stocks and confine their onergies to minimising the riskiness of their portfolios through diversification.

The more entreprecourial mathematics faculties in the US have succeeded in applying and marketing the results of their scholarship to investment man-agemet houses and pension plan sponsors. Bot in the UK the gap between academia and the City has probably been even wider than that between neadomia and industry.

In university lecture theatres,

the efficient market theory is asserted as self-evident truth; on City trading floors, it is scoroed as self-evident non-

Bnt the dichotomy has become more blurred over the last three years. On one side of the divide, a few City Institutions, such as County Investment Management, Baring Brothers and Chase Manhattan Brothers and Chase Manhattan Securities, have started market-ing investment products to pen-sion fund trustees that are based on the quantitative analy-sis of the volatility of securities. The most widespread fund management product that the "quants" (financiers with an academic background in the

academic background ip the fic exceptions to the efficient quantitative sciences) have developed is that of portfolio insurance. This is designed to over the last six years.

by the use of a synthetic option.
On the other side of the

tions to it.
One of the more general scep-

ties is Dr Desmond Corner, of the Esmee Fairburn centre for investment trusts and unit trusts at Exeter University: The tests of market efficiency

The returns from small quoted companies have been consistently higher than from their larger

counterparts. Thus a

shrewd manager

could have achieved above-average returns by weighting his portfolio towards smaller companies.

were first done on widely traded US shares. When they did research on Europe, they just used the hig European com-panies." He believes that many larger investment trusts provide

ventional measures of riskiness, active fund managers. Some based on the apparent volatility managers may have ont-perof the securities, are often misleading because, in the less ket index by exploiting some of liquid stocks, the jobbers or these anomalies; for example by

in December 1985, brought together most of the more speci-

One of the first examples of market inefficiency to be spotted was the small-company effect—namely that the returns from small quoted companies have been consistently higher than from their larger counterparts. Thus a shrewd fund man-ager coold have achieved above-average returns by weighting his portfolio towards smaller companies. This conclusion has been found to apply to tha UK, US, Australian, Cana-dlan, Japanese, Dutch and Finn-

dlan, Japanese, Dutch and Finnish stock markets.

Another example of mispricing has been of companies ou high yiolds. And the "junk" bond (but not equity) investments promoted by the US securities house. Drexel Burnham Lambert, have been the most successful attempt to exploit this gnomaly over the

exploit this anomaly over the last decade. Most of the anomalies relate to the different times of the day and tho year. Thus abnormally and tho year. Thus abnormally high returns can be achieved, particularly from holding small-company shares, in January, at least in the US and Canadian stock markets. In the UK, the most profitable month is April and the least profitable May, at least for sharea in larger firms. Other evidence suggests a weekend offect in most stock markets around the globe, which makes Mondays the most profitable day on which to hold shares.

shares.
A summary of these findings, together with an assessment of their implications, is being published in a book adited by Dr Elroy Dimson, senior lecturer in finance at the London Business School, who has himself analy-sed the evidence of a small-com-

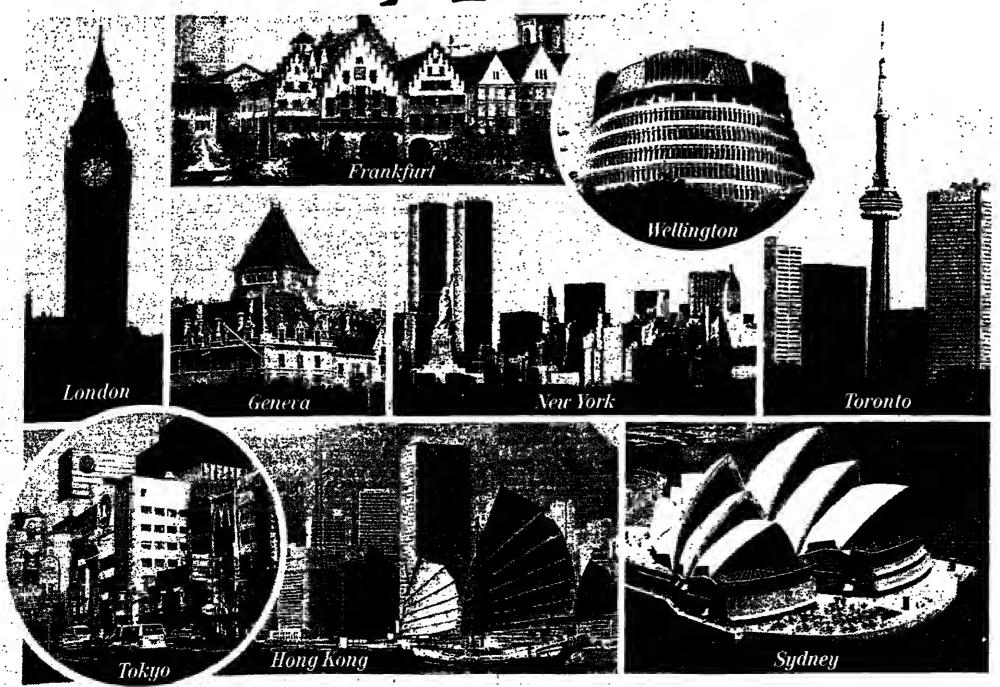
did research on Europe, they just used the hig European companies." He believes that many larger investment trusts provide a good example of inefficient stock market pricing.

He also believes that the conventional measures of riskiness, hand a the research on Europe, they just used to instifut the employment of traditional active fund managers. Some marketmakers usually fail to concentrating on small comchange their quoted prices until another trade is done.

A symposium organised by the European Institute for Advanced Studies in Management, may be little chance of their identifying other anomalies. may be little chance of their identifying other anomalies in the future.

Clive Wolman

# Tith us your funds can enjoy many places of interest.



You can't become a major fund management company by staying in London.

So we've made sure we're represented through offices in every major financial centre.

This gives us direct access to local

information, allowing us to anticipate changes in economic indicators.

And gives your funds direct access to all international stock markets. The result is that we are now a

major player in the global investment market. We are responsible for assets of

£4.5 billion. And we are one of the top ten pension fund investment managers

in the UK. All of which should be of interest

And should certainly add interest to your funds.

If you would like more information please contact Keith Jecks. Telephone: 01-623 1288.



Offshore Funds

## Entry vehicle to specialist niches

in tax-havens or low tax areas. Since they operate outside the investor protection and tax regulations of major countries, they are able to invest in a broader range of instruments than onshore domestic invest. But it domestic investic, which would otherwise investic investic investic, which is the property of the pr

ontinuing popular reputation as vehicles for escaping tha ettention of tha tax man is largely a legacy of the period before the 1984 Finance Act, when, after the suspension of inhibited thair development in exchange controls, there was a rapid outflow of cash to offshore centres, spurred on by a wellcentres, spurred on by a well-publicised tax loophole.

The 1984 Finance Act took away the main attraction of these funds when it laid down that any UK resident realising a gain from an offshore fund after January 1984 would have to pay income tax on his profit unless the investment concerned was approved as a "distributor"

fund.
This destroyed the attractions of the "roll-up" funds for the hulk of UK investors, except for those facing retirement or other change in their tax status, making it advantageous for them to defer their tax liability.

"Distributor" funds bave to
make payment away each year
of not less than 85 per cent of
their income. A UK resident
investing in such a fund is liable
investing in such a fund is liable
of the future hecause they are a to income tax on the dividends he receives, and capital gains tax on profits made from selling shares.

First, their charges, both in terms of management costs and up-front fees, tend to be higher. Secondly, distributor status must be reapplied for each year, and the penalties for the investment of the fund. Funds managed by the Dutch Robeco managed by the Dutch Robeco

OFFSHORE FUNDS are mutual funds with a similar structure to unit trusts, but which are based in tax-havens or low tax areas.

that during the disqualification period ba has to pay income tax on the whole in realised profits. But if domestic investors, who

than onshore domestic investment companies. It is this flexibility, rather than specific tax loopholes, which is their main attraction for investors. In the UK, the offshore funds' to specialised investors and the specialised investors are specialised investors.

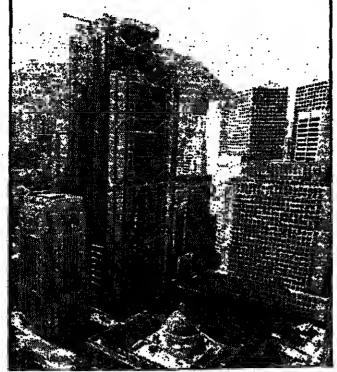
Offshore money funds provide

This was provided by the "roll-up" funds which converted income into capital gain. The 1984 Finance Act took away the main attraction of these the fund manager switches the fund manager switches between different currencies.
Offsbore equity and bond funds provide access to specialised areas such as Eurobonds. Over the last two and a half years "umbrella" funds, which allow for switching between different types of instrument at a low cost and free of capital gains tax, have sprung up. Garimore Fund Managers, for instance, which pioneered the umbrella fund, says that its Jersey-based Capital Strategy Fund has 15 classes of shares,

flexible answer to increased volatility in world markets. The critics complain, bowever, that their performance relative to This puts the taxation treatment of most offsbore funds on a comparable footing with unit trusts for most UK investors, while, from some other points of view, offshore funds are disad-

must be reapplied for each year, and the penalties for the investor of failure to achieve it can be severe. The investor can find and the penalties for the investor can find offshore in the UK, but can the can effectively be advertised we're growing said Currently, the scope for "we're the mutual funds marketing offshore funds tends the Eurobond market."

Clare Pearson and the can the character of the fund. Funds managed by the Dutch Robeco group, for instance, count as severe. The investor can find offshore in the UK, but can the can effectively be advertised can be severed.



Hong Kong, a major player in world financial markets. EEC legistration will allow EEC funds to be freely marketed across borders, but other centres, including Hong Kong and the Channel Islands, will have to apply to individual countries for recognition.

obviously draw oo a wealth of nn-the-ground expertise. Funds managed from the Channel Islands, on the other hand, may be heavily dependant on input from ontside.

This is particolarly the case in tha more specialised investment areas. While a single money fund may be effectively managed from Gnernsey, restricted funds, such as those investing in small high-technology companies, need a great deal of help in day-to-day decision-making.

In these cases, the board of

sion-making.

In these cases, the board of directors to the fund will make overall, directional decisions. Day-to-day running will effectively be organised by a fund manager elsewhere, who is paid a fee for his services. Decisions will be taken by an interchange of advisory and instructing telewill be taken by an interchange of advisory and instructing telexes. In the Channel Islands, management will amount to clerical and administrative functions and also make sure that all investments fall within the scope of the fund. Tha larger Channel Islands 'fund management presentations, however

EEC funds to be freely mar-keted across borders, but non-EEC centres, including the Channel Islands and Hong Kong, will have to apply to indi-vidual countries for recogni-

In the UK, offshore funds have sbed most of their erstwhile attractions for domestic investors. But the provision of specialist investment opportunities ensures them a continued

critics complain.

their performance relative has more traditional vehicles has not yet been fully tested, and that they contain potential pit-falls for investors who would be better off taking their capital gains tax liability every year, rather than only when they switch out of the fund.

Techniques for managing and the state state since the need for efficient management of a growing pool of discretinnary services to private clients.

Currently, the scope for "we're the mutual funds side of the Eurobond market."

Clare Pearson

The first fund manager from a leading UK we're growing said one. "We're the mutual funds side of the Eurobond market."

Clare Pearson

#### Management Houses

## Shopping round the boutiques

SMALL IS beantiful—or so we were told in the 1970s. But in the world of international fund management, it's still an open question whether tha hig battalions or the small specialist bontiques offer clients the best

A fund manager who works for a large, diversified financial conglomerate bas the backing of a prestige name and sophisticated marketing men. But enterprising top-flight analysts can hive themselves off into small independent management units (the so-called boutiques). The question is how to weigh np the relative advantages and disadvantages of each strategy. For Mr Norman Pilkington, of Geoffrey Morley, the London-hased equity managers, independence is vital. Geoffrey Morley—which falls into the "boutings and the strategy born life." que" category—began life in 1971, founded by a former head of investment management at Sbell. Remunerated solely by fee income levied on the market value of its funds under man-agement, its decision-making is free from hias—"we're under no pressure in a takeover bid situa-

tion," says Mr Pilkington.

The implication is that a fund manager without such auton-omy-owned, perhaps, by a mer-chant bank-bas inevitably compromised its independence and will favour the stocks with which its parent group has links. And, Mr Pilkington points out, a small independent manager is not occessarily bandicap-ped by lack of resources that prevent him from operating a global network of offices or following obscure companies and sectors—because "a fund manager is hnying shares, not

But Mr Pilkington may be overstating the case. Conflicts of overstating the case. Conflicts of interest loom less large when a fund manager is choosing stocks for a highly diversified international portfolio. And fund managers are in the husiness of trying to add value abore and henced souter averages. beyond sector averages—which means searching out ineffi-ciently priced stocks which are

management group.

A US fund, on the other hand, might take the more radical approach of assembling a dozen separate fund managers, and

research.
In turn, the "boutique" manager like Geoffrey Morley, which lays claim to expertise in all three big markets (Europe, the US and the Pacific), can be hif hard by one year's mediocre parformance. Without a hig name behind him, the bontique manager is held more barshly to account if his funds slip behind in performance tables. Geoffrey in performance tables. Geoffrey Morley for instance lost ground with customers in 1983 when rapid expansion in its clientela coincided with a mistaken deci-sion to go bearisb at the begin-ning of the year. So what does the fund man-

agament arm of a hig con-glomerate offer the customer as compensation for the potential risks of conflicts of interest? Some of the advantages are more obvious than others.

margin—hut would opt mainly a big institution can weather for a conservatively planned crises—such as the loss of key portfolio run by a single fund research staff—which could management source. otherwise severely damage client confidence. In turn, it is better able to meet onerous expenses such as the escalating cost of professional indemnity

expect them each to contribute a different area of specialised knowledge. For that, the fund manager needs the time and manpower to do original research.

In turn, the "boutique" manager like Geoffrey Morley, which lays claim to expertise in all three hig markets (France the in a very intangible way opening doors for new business."

ing doors for new business.

Japan is the fund managemant market whare those big names are most useful as marketing tools. That is especially true at a time when Mercury Warburg and Schroders, to name but two British fund managers, are applying for the new discretionary fund management licences recently announced by Tokyo finance ministry officials (hitharto, they have been confined to offering advisory services to Japanese clients).

Firstly, there is the general

Firstly, there is the general perception that Japanese clients want to see a track record of size and substance behind any financial services institutions with which they do A fund management team institutions with which they do hacked by financial strength of business. "If you want to pitch to

SHALL MAY BE BEAUTIFUL

ARE DEFINITELY UGLY

DEXTER, BUT SMALL PROFITS

clients, a Tokyo office is essen-tial," says a Warburg fund mansays a warour that manager in London.
Second, Japanese investors have traditionally paid less regard to what foreigners might see as conflicts of interest. In other words, they would expect a management house to offer a reduced fee on the understanding that it would make up the

ing that it would make up the difference by earning money from dealing profits—and only a financial conglomerate incorporating broking and market-making arms can do that. A further strength for the big institution's fund management arm is the package of services it can construct from its parent's can construct from its parent's resources. Mercury Warburg, the British financial services conglomerate, has adopted a holding company structure—which is one way of demonstrating determination to preclude conflicts of interest between, say, S.-G. Warburg, the merchant bank, and Rowe and Pitman, its associated stockbroker. But the structure also means that in structure also means that in marketing its fund management

expertise: the group's invest-ment management arm can offer the client the full range of banking services. That leaves the problem of motivating individual managers (which it is about more than paying them six-figure salaries). Arguably, the way to cut out the bureaucratic centralisation that hampers enterprise is to split up fund management per-sonnel into small quasi-antomonous teams, on the marketing

and the research side.

In London, for instance,
Schroder has already distanced Schroder has already distanced its investment management arm from the parent merchant bank (their offices are several bundred yards apart—expressing physically the "Chinese Wall" separating: the two functions and preventing conflicts of interest). But, within investment management, Schroder now has three distinct companies—Schroder Investment Management (serving the UK), Schroder Capital-Management (for the Capital Management (for the US), and Schroder Investment Management KK. (in Tokyo). Each has its own business

development team.

In turn, within the UK company the fund managers are divided into a team specialising in fixed income investments, another team making decisions about overseas investment, and a group of UK "balance managers" taking a hroader view.

Nick Bunker

## Fund Managers were recently asked to describe their ideal bank...

 It would provide a comprehensive range of products and services including custody, portfolio record keeping and cash management,

and

 it would offer strong international capabilities in global settlements, foreign exchange and financial engineering supported by a worldwide network of offices, and

 it would have a specialist fund managers' banking team tailoring products to meet customers' individual needs.

## Their description sounds very familiar.



Investment Industries Division, Citibank NA, 7 Savoy Court, London WC2R 0EA. Telephone: 01-438 1164.

#### Management charges

## Fees emerge into the open

jobber distinction and stamp charges, when onoted duty, it also appeared to be one of the cheapest places to employ cent more than domestic of the cheapest places to employ

The paradox was partly explained by the existence of hidden charges. The most common hidden cost was the ability of merchant banks, other large fund management houses and were also fund managers, to pocket some of the stockbroking commissions for themselves by issuing their own contract notes at commission rates above the true rates. This form of remuneration accounted for more than half the total income of some fund management But with the ending of mini-

mum commissions, most UK fund managers, with a few exceptions, have been abandoning this form of hiddan charge. Even the large stockbroking-fund management firms, such as Phillips and Drew, De Zoete and Bevan, and Fielding Newson-Smith, have started to charge explicit fees, at least for their new clients. The only major exception to this development is helicated to be the stock. is believed to be the stock-broking firm, Cazenove and Co. Most of these firms have raised their charges to compensate for this loss of income, albelt only partially. Most mer-chant banks have increased their fees by between 40 and 50 per cent. At the same time, many of the smaller independent houses, particularly the Scottish ones such as Martin Currie which have achieved

strong performances, have been able to raise their fees. The introduction of transparent charge scales has now made it clearer that London and Edin-burgh are the cheapest centres in the world for portfolio investment management. The going rate for a portfolio of UK domestic equities or a "balanced fund"—which contains some overseas stocks—is between 0.15 and 0.25 per cent a year for funds with assets of between

film and £50m.
For larger funds, the rate falls to 0.1 or 0.125 per cent. And for to 0.1 of 0.120 per cent. And for ultra-large sums the fees can be squeezed to below 0.1 per cent, es the British Rail pension fund administrators have been demonstrating in their negotiations with the six fund managers who have been allocated their £4.5bn portfolio of assets.

THE LOW charges imposed by been the general rise in assets because of the higher fees. A pany, has adopted a different UK fund managers was always under management, a consequent small US fund, of say \$20m, will approach. Its fees are high, 0.75 and, until recently, net cash Whereas the UK was one of inflows into pension funds. the world's most expensive Another factor bas been the financial centres in which to growth in overseas investment huy or sell shares, because of on which the management stockbrokers' minimum com-charges and profit margins are missions, the enforced broker- higher. Overseas management

> charges. ment bouses continue to charge indirect fees for overseas port-folin management. Some charge a levy on the value of equity transactions in overseas markets, typically 0.5 per cent per year. As turnover in overseas portfolins can be as high as 100 per cent, a pension fund will often have to pay out more for the management of its overseas assets, which account oo average for only 20 per cent of the total, than for its domestic

assets. International fund management can also be remunerative because of the substantial benefits given by Japanese and US brokers to those fund managers that provide them with a high volume of commission. The benefits can cover everything from the provision of screens and information services to sponsored overseas trips. Currency transactions carried out at below best terms can also hoost a find manager's income boost a fund manager's income.
For fund management bouses
with a large retail arm, the most
lucrative way of charging pension fund clients for overseas
investmants is by channelling
their assets through in-house

unit trusts which apecialise in particular overseas markets The annual management charges of unit trusts are 0.75 to 10 per cent (although some houses give rebates). But Mr John Wigley, of R. Wat-son and Sons, one of the leading firms of consulting actuaries estimates that, even after all the hidden charges in the UK are allowed for, tha going rates in the UK are probably only half those in the US. Even the largest US funds can be charged 0.35 per cent per year. "We should per cent per year. "We should not ba too hawkish about fees in the UK. They remain low by international standards," he

such as the Germans and the Swiss, are charging rates simi-lar to those in the US. These discrepancies have created export opportunities for UK fund managers in the US pension fund market. Despite lengthy, expensive journeys across North America meeting potential clients, often with little success, most UK firms have achieved a high return on

says. European fund managers

rising stock markets often be willing to pay 0.6 to 0.7 per cent per year to its mana-

> At the same time, the entry of such US investment firms as Merrill Lynch and Citicorp into

the UK is having an impact on the job market in London, as their bigher fees enable them to offer those fund managers with the most impressive track records substantial salary increases. Whereas the average fund manager in a merchant bank or insurance company earns £30,000 to £40,000 a year more if he has expertise in parmore if he has expertise in par-ticular overseas markets, less if he is based in Scotland—the US firms have been willing to pay np to £100,000 a year including bonuses. And the smaller independent houses, such as Gart-more and Fidelity, offer equity

The profit and loss accounts of UK fund management houses are being squeezed by the upward pressure on salary levels, also a product of the general rise in City salaries since 1983, and by a rise in other costs such as liability and fidelity insurance.

Fidelity International, the London offsboot of a US com-

to £25m falling to 0.5 per cent for larger funds. But they have no hidden charges or benefits from their UK or overseas funds, and

can demonstrate an impressive long-term performance record. "Most UK managers have low charges and low performance, but our philosophy is to look for higher value added and charge more," said Mr Neil Curtis. The philosophy has put off some potential clients, hat their pension funds under management have risen sharply from £140m One development, the result of changes in the rules for US pension funds, is likely to be the introduction of performance-related fees. Although the mer-chant bank subsidiary Guinness Mahon Investment Management introduced them to the UK in 1984, pension fund trustees have

stakes as an alternative attracbeen wary about their benefits. Unless there is symmetry Unless there is symmetry between the bonuses and penalties for under and out-performance, fund managers may be tempted to take undnly high risks to increase their chances nf winning the bonus.

Clive Wolman

的时候,这个时间,这个时间是一个时间,这种时间是一个时间,这种时间,这种时间是一个时间,这种时间是一个时间,这种时间是一个时间,这种时间是一个时间,这种时间的 1996年,1996年,1996年,1996年,1996年,1998年,1998年,1998年,1998年,1998年,1998年,1998年,1998年,1998年,1998年,1998年,1998年,1998年,1

PUBLIC RELATIONS DEPARTMENT BANKS (LARGE, MEDIUM & SMALL) WORLDWIDE

THE BANKER — ANNUAL REPORT DEPARTMENT (TELEX: 23700 FINBI G)

IF YOU ARE PLANNING TO RELEASE YOUR BANK'S ANNUAL REPORT & ACCOUNTS SOMETIME DURING — JANUARY, FEBRUARY, MARCH — PLEASE TELEX THE ABOVE NUMBER WITH THE EXPECTED DATE OF AVAILABILITY.

THIS INFORMATION REQUIRED FOR PUBLICATION IN THE BANKER'S MONTHLY DIARY OF FORTHCOMING BANK ANNUAL REPORT & ACCOUNTS.

#### Yamaichi Murray Johnstone for Global Investment Management

The success story of Japan of the last 30 years combined with Scottish successful international money management of 100 years.

163 HOPE STREET, GLASGOW. 01-248 2987



Passive management

## Pension plan sponsors help provide the impetus

Index Return

THE DRAMATIC growth in passively managed index-matching funds in the US, UK and Japan over the last two years represents the fruits of a sustained their Angio-Saxon counterparts, they have attracted a large

from \$14hn at the start of 1985 to over \$40bn today. In the UK, Wells Fargo made an unsuccessful attempt to sell its passive management services between 1980 and 1983. But it closed its Londoe marketing operations just as pension fund trustees were beginning to show an interest. As a result, the pickings have been left mainly pickings have been left mainly to the investment management subsidiaries of the large clear-ing banks. Their total funds under management are now about £3bn, or 2 per cent of total pension fued assets in UK equities. Ie-house pension unds using a passive approach include Mars, Rank Xerox and, in a less systematic way, the Post Office and British Telecom.

sively managed index-matching funds in the US, UK and Japan over the last two years represents the fruits of a sustained 20-year academic critique of the performance of the traditional active stock-picking, sectorswapping fund manager.

In the US, the assets in passively managed equity funds accounted for over \$100bn at the start of this year, or 5 per cent of the US equity assets of pensice funds. The first and largest passive fund management group, wells Fargo Investment Advisers, a subsidiary of the San Francisco bank, has seen its assets under management group. In Japan, a fund launched by Nikko is the first to over \$40bn today.

In the UK, Wells Fargo made

by Nikko is the first to track the entire first section of the Tokyo Stock Exchange.

growth of passive management's popularity has been the realiza-tion, among pension plan spon-sors and other employers of fund managers, that active man-agers have been consistently under-performing when measured against the relevant stock market todex.

That realisation has arisen partly through their tocreasing use of sophisticated performance measurement services, which have highlighted just what a bad patch fund managers

the past three years. Us rund managers on average under performed the Standard and Poors 500 index, one of the most common benchmarks of returns from the US stock market, in each of the years from 1983 to

At the same time, some of the tachnical obstacles which diminished the attractions of an index-matching fund have been removed. One is the deregula-tion of financial markets and the removal of minimum com-missions, in 1975 in New York and this year in London. Passive and this year in London. Passive fund managers no longer pay for research they do not need when they are ohliged to buy or sell stock. The growth of programme trading and other methods of by-passing the traditional chain of brokers and market-makers has given them greater scope for couting dealing costs.

has given them greater scope for cutting dealing costs.

The other development has been in computer power and databases, where further possibilities have been created for cutting dealing costs which would otherwise lead to consistent under-performance by the fund. Electronics have been harnessed in each of the three ways most commoely used to match an index; full replication, sectoral sampling and risk-based sampling.

Full replication is the method used by Wells Fargo in its giant S and P 500, which has over

stocks in the FT-Acturies All transactions costs can be high.
Share index. Every stock is because of the relatively small bought in its correct weighting, purchases that have to be made.

30 7 Number of funds

\$23be of assets. In the UK, it is and all dividends are re-used by the pension fund con-sultants Frank Russell, who same proportions, manage funds with the stockbroking firm, Quilter mechanistic and requires mini-Goodison, to track the 730 to 740 mal human judgement, the

Annualised Return - 6 Vers 1980-1985

As a result, the Frank Russell fund in the UK typically under-performs the index by about 0.2 per cent per year, although this shortfall should be reduced in the wake of the Big Bang dereg-

position because of its size.
First, many of the transations it
makes for the S and P 500 fund
are cross-overs with other funds at zero cost. Its bank of compu-ters is also constantly analysing the opportunities the market throws up through programme-trading and other deals that will allow it to invest relatively small amounts of cash in indi-vidual stocks at low or zero vidual stocks at low or zero transaction costs. Because the fund is so large, an extra \$50,000 in one stock will not unbalance the portfolio.

the portfolio.

Because of the size and range of its "inventory". Wells Fargo has also become a large-scale lender of stock to market-makers and other traders who have sold short. In some years, the fees from stock-lending can exceed transactions costs, so that the fund is able to beat the index.

that the fund is able to bear the index.

The other two methods are more suitable for funds which are not able to exploit economies of scale as thoroughly and efficiently as Wells Fargo, or which aim to track an index containing far more than 500 stocks. stocks.
Sectoral sampling is a method

popularised in the US by the Hankers Trust, which has also set up a similar operation in the UK. Its S & P 500 fund invest in about 110 of the largest companies, representing 70 per cent of the market capitalisation of the ladex, and another 160 of the smaller companies which

Full replication is the method used by Wells Fargo in its giant S and P 500, which has over S23bn of assets.

are chosen as a representative sample of the all the industrial sectors to the index. The main weakness of this approach is that it fails to take into account riskiness which is not related to industrial sectors. industrial sectors.

The other method of sampling is to select a representative sample of stocks on the basis of their historic risk (volatility), rather than sectoral, char-acteristics. This is the method used by two of the largest index-matching managers in the UK Barcleys and County bank, a iary, and by Chase Manhattan bank. All are using the same database developed by Barra, a company set up by academics at the University of California in Barkeley.

by River sed Mercantile Investment Management, to launch the international fund it July failed to attract support.

Clive Wolman National Westminster subsid-

Some users fear that this data-Some users fear that this data-base, on which the risk char-acteristics of stocks are based, does not stretch back far enough. There is an additional problem of whether the fund manager should substitute his own judgment if there are reasons for thinking that the riskiness of a stock has funda-mentally charsed.

mentally changed.

A further possibility for a smaller fund is to rely entirely on stock index futures and options. The difficulties in this approach are the lack of liquid-ity in the relevant contracts, particularly in the UK, legal inhibitions, particularly on pen-sioe funds, and the risk of pric-ing anomalies. ing anomalies.

Over the cext few years, the

biggest growth area is likely to be in international passive funds, particularly as US inves-tors look for greater opportunities in overseas equity markets in which they lack the expertise to pick individual stocks. Wellover \$1 bn is already invested in funds linked to international stock market indices, of which the most popular are the Morgan Stanley Capital International indices. The UK has been lagging behind, and an attempt, by Piver and Morgantile Invest. by River sed Mercantile Invest-ment Management, to Isunch a £150m international fund in

Clive Wolman

#### Marketing of fund managers

### Joint operations can make sense

FOR YEARS the famous toternational fund manager John Templeton ran modest amounts of money out of his Lyford Cay, Bahamas, mansion. For regulatory reasons, he based his mutual fund, Tampleton Growth, in Toronto, and only limited numbers of other clients received the benefit of his ploneering efforts in zlobal portfolio management during the sixties and early seventies. Only in the late seventies did the marketing men move in New US mutual funds were launched; there was an entry to the pension fund market; and the pension fund market; and the funds under management multiplied. In the past five andahalf years the assets under Tampleton's control have grown the investment performance has been nowhere near as good as in the early years. Marketing the fund management firm can be successful, within the framework of marketing serbeen nowhere near as good as in

ent. eversess, butter end is the more for ones and foregree recently, complete of the sainteen ica cui belvem to

. are planting A street equies : THE WEST CONTROL ing the ropes of

: to be measured to

Lincory 31 Bills Co \* # ... 5.3. Later 255/20 recett Les Out to the learner

> counts for a lot In the mutual fund business, techniques of marketing have been developed over a very long period. Most funds are mar-keted through intermediaries or direct salesmen, backed ep by direct salesmen, backed ep by advertising campaigns. It is simpler within national markets than in the offshore business, when clients may be mech more difficult and expensive to reach. So fundamental is marketing to the success of retail business that the investment side can become subsidiary to the

that the investment side can become subsidiary, to the exteet that it can evee be con-tracted out. Truly exceptional investment performance will sell itself, but in practice that is rarely achieved for long, and certainly not across the wide ranges of specialist funds which are now usually offered by fund

ranges of specialist funds which are now usually offered by fund management groups.
But at the level of institutional clients, the emphasis tends to be different. Performance is regularly monitored and there is usually regular personal contact between client and fund manager. Marketing is therefore tied in more closely to the tovestment process.

The experience with international Erisa funds, the global elements of the portfolios of US pension plans, has been that the sheer cost of transatiantic marketing has loaded the dice in favour of the

loaded the dice in favour of the

higger players.
One or two British specialists, such as Martie Currie of Edinburgh, have achieved success, but bigger operations such as J. P. Morgan, Barings and Morgae Grenzell have made the

In such circumstances, there is a good deal of logic to joint operations, with an American house providing a local marketing framework while the overseas firm contributes the global investment expertise.

seas firm contributes the global investment expertise.
Rowe Price Fleming, a joint venture between T. Rowe Price and Robert Fleming, has been in operation for seven years and has topped the \$2bn mark for funds under management.
But such relationships can only lest so long as the interests

only last so long as the interests of the partners do not start to conflict, which will happen when the American firms grow keen to develop their own international expertise. American fund managers are

now making a much more aggressive push into the international fund management international fund management business, and their superior marketing connections with existing domestic Erisa clients make them tough competition for British rivals. But the mar-ket is growing so fast that there is still room for a variety of

players.
Nevertheless the internation eal fund managers based ie Loedon are now looking for other outlets, notably in Japan

again chosen a local partner, this time Yasuda Trust and Banking.
Entry costs are even higher in Japan than in the US, so the bigger institutions have a major advantage. But within the US the relatively small and specialist fund management firm can be successful, within the framework of marketing services and analysis established by independent intermediaries such as Frank Russell.

by independent intermediaries such as Frank Russell.
Some of the bigger London managers have also been tackling the potential of Continental Rurope, but the pickings appear to have been fairly lean so far, with the Netherlands the best of an unexciting bunch. Some managers claim they see potential in France and Switzerland, however.

tial in France and Switzerland, however.

The arrival of Frank Russell and others on the toternational stage raises the question of whether "boutiques" might be able to make more of an impact oe the global scene. But there are formidable hurdles.

To start with, tha performance figures which are so important in sorting out the sheep from the goats within the domestic institutional market in the US are not yet available in the right quality for global managers.

Secondly, the logistics of elient coetact across half the globe are so expensive and time-consuming that the eumber of client accounts that cae ber of client accounts that cae be serviced by a single execu-tive is significantly less than for domestic managers in the US or

That means the investment organisations have to employ more people in order to achieve e given level of funds under management. They also need to carry a higger research as administration overhe (though global (though global brokerage groups are now seeking to deliver research and trading facilities directly to fund manages almost wherever in the world they may be located).

Generally speaking, a sizeable organisation, with hranches and other representation is less contract around the world.

the UK

in key centres around the world is still required to give confort to clients. But many of the international managers are now generating lengthy enough performance records — five years or more of global management — for their proven echievements to have some relevance to potential eew clients, one way or the other.

In the marketing sense,
however, there are various ways

of selling a global product. Sim-ple claims of likely outperform-ance compared with a domestic product may not be the most Clients may be seeking a currency hodge, or risk reduction through diversification. They may even be looking for

tax benefits, or for a way around existing or threatened exchange controls. Swiss banks have very effectively marketed them-selves as offering capital pre-servation services over the years, without ever having to resort to measurement performance.

Barry Riley

# our name apart a great dea tor you



If you're looking for an investment partner or advisor, either in Kuwait or internationally, look towards KFTCIC.

We can promise you a diverse capability. Versatility is one of our strengths.

We are as active in the international capital markets as we are in portfolio management for private and institutional clients . . .

. . . as active in treasury and foreign exchange operations as in funding enterprises ranging from hotels to agricultural projects, mines and real estate





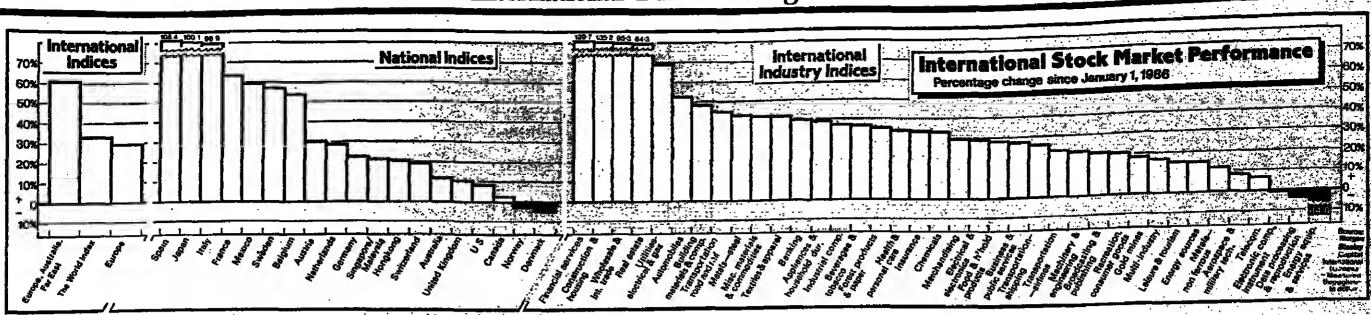
companies, building materials and banks.

Through our direct investment activities, we play an important role in supporting economic projects in many countries and aim to continue doing so.

Above all, our main interest lies in the possibilities which growth opportunities offer and which demand a creative approach to finance and investment.

Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.) P.O. Box 5665 Safat, Kuwait Telephone: 2449031 Telex: 22021

A creative approach to finance



Performance measurement

## Managers say the world index overlooks their objectives

INTERNATIONAL INVESTMENT managers have been on
the counter-attack against their
performance assessors over the
definitions of equity (warrants,

The results from those measurements have not been fisttering. The sample of UK international pension fund managers collected by the WM Company nnderperformed in each of the past six years since 1983. The Morgan Stanley Capital International World Index (MSCIWI), for giving too much of e market-leaders index and, on the other, for giving too much weight to stocks that are elosely held and common benchmark for com-

The index was developed by to Capital International Perspective company, based in Geneva, and sold to Morgan Stanley, the US investment bank, last year. The construc-tion of such an index, which

performance assessors over the definitions of equity (warrants, past 13 months. Their protest is convertibles, preference shares, B-class shares), the their investment returns against the benchmarks provided by expectation of stock market with low liquidity and price transparency, and the treatment of the results from those withholding tax on dividends and on dividends and on dividends and on dividends.

excluding the UK, is the most stocks that are closely held and common benchmark for comparison.

But many managers are now challenging the MSCIWL They is make been used to explain object to its construction and argue that, in any case, the comparisons are based on e misunderstanding of their objectives in running an interest. nnderstanding of their objectives in running an internationally diversified portfolio.

According to Mr Philip Henderson, of the Merchant Nevy Officers' pensioo fund: "Nobody gets near to Capital International. Yoo either under-perform or ont-perform by a large amount. It bears no relationship to what you can achieve."

The index was developed by the smaller rapid-growth companies in the technology sector whose shares have performed badly. However, relatively few included in either the MSCIWI or the Standard and Poors 500 Index, which therefore set an artificially high benchmark, the managers claim.

The MSCIWI covers about

The MSCIWI covers about 1,500 stocks from 19 countries, a number which has been increasing gradually — and will continue to do so. As an exam-ple of how the relatively small tioo of such an index, which sample of steks in MSCIWI can covers 19 different countries, distort the accuracy of the was fraught with both conceptual and practical difficulties. folio "which is made up of

ARBUTHNOT GOVERNMENT

INTERNATIONAL FIXED INTEREST

**FUND MANAGEMENT** 

"THE NEW TEAM

WITH THE

TRACK RECORD FOR

**CLIENTS WHO REQUIRE** 

PERFORMANCE "

131, Finsbury Pavement,

Telephone: 01-628 9876

Moorgate, London,

EC2A lAY.

Telex: 885970

**International** 

**Fund** 

Management

Recruitment

For the recruitment of International Fund

Managers, Analysts and Marketing Professionals, contact Timothy R. Wilkes or Nick

Root at 39-41 Parker Street, London WC2B

51H or telephone: 01-404 5751.

slightly more than the 100 shares thet comprise the FT-SE Index. The FT-SE itself has a tracking error of between 0.5 per cent and 1.0 per cent per year against the FT-Actuaries Ali-Share Index, widely considered to be the broadest and most accurate reflection of the fortunes of the UK stock market. Nevertheless, some fund managers believe that a world market-leaders index is the best indicator of the type of performindicator of the type of performance to be expected from an international fund manager. In his asset allocation, he is often concerned more with the balance between different industrial sectors through balance between different industrial sectors through investment in, mainly, mni-tinational companies, rather than the allocation between

their different countries of

McLoughlin, of Phillips and Drew fund managers: "The Capital International index is capital international index is probably about as good as can be done for giving a generalised impression. But there might be a case for an index of just large international companies, which do a substantial part of their trading outside their own course. trading ontside their own coun-

tries."

At the same time, other indices bave been developed, particularly in the US, which cover just lower capitalisation stocks.

For both the UK and US stock markets, there is also a wide range of industrial sectoral indices, which can be used as benchmarks. As far as pension fund trustees and sponsors are sometimed, the correct approach must be to define in edvance with the fund managers who are being employed which index, or combination of indi-

In the US, many pension plan sponsors are using tailor-made international indices to judge the investment managers they have employed. At the other end of the spectrum, Save and Prosper uses the UK All-Sbare index as the benchmark with which to compare the spectrum of the international states. compare its international performance. It thus rolls

com and British Gas must enter the index et 100 per cent weight-ing at the prices fixed by the terms of the privatisation.

The objectors say that the Government continues to own nearly half the shares in issue which are therefore not avail-eble to investors, that indi-viduals have been favoured over professional fund mana-gers in the allocation of shares, and that the issues are underpriced to give the new share-holders an immediate profit when dealing begins. These fac-tors have made it impossible to track the index, they claim.

It should be coted, however, that government stakes in priva-tised companies can also flatter the performance of fund mana-gers when those companies per-form poorly (for example, Britisb Petroleum since 1981).

It was, however, the managers ment banking and brokerage investing in Japan who brought firm; Wood Mackensie, the UK these issues to a head. The scale stockbrokers, and the Institute of non-tradeable cross-holdings and Faculty of Actuaries—will these issues to a head. The scale of non-tradeable cross-holdings between Japanese companies has often made it difficult for foreign investors to buy shares in some sectors, particularly the banking sector. Until 1984, bank share prices were held down artificially and lagged well behind the Tokyo New Stock Exchange index, which foreign fund managers consistently outperformed. But in 1984 and 1985, their fortunes were reversed as their fortunes were reversed as bank shares soared.

Swedish banks and Swiss-registered companies are two registered companies are two
other examples of companies
that are represented in MSCIWI
end in which foreigners find it
difficult to invest, at least
through conventional channels.
The Financial Times; Goldman Sachs, the US-based invest-

Among unsuccessful attempts to find an objective standard to make such an allowance in the US, Boston fund management group, Grantham Mayo, dropped a project to develop an index based on the liquidity of shares, because of the difficulties of finding a meaningful measure.

Clive Wolman

Salaries

## US banks push up London rewards

in the City have soared. Phrases in the City have soared. Phrases like "golden hello", "golden handcuffs" and "telephone digit salary" have lapsed into the vernacular and the apocryphal Old Etonian with his third from Oxford and £1m a year in "total compensation" for bollering down a telephone aboot Eurobonds all day has become part of popular mythology.

Eurobonds dealers, syndication specialists and heads of Flores are composes of second application specialists and heads of Flores are composes of second application specialists and heads of Flores are composes of second applications of the most highly compensated posts in the highly compensated City, but fund managers, particularly international fund managers of its emergence as the

ment as the next area of city employment where talaries are set to rise. Many observers suspect that, for international fund managers, the escalation has begun already.

"In the past few years demand for international fund managers has been high, and in recent months it has become even months it has become even higher," said Mr Roger Steare, e senior consultant specialising in international fund manage-ment et the City recruitment consultancy, Jonathan Wren. "The reason for this is simple."

"More and more companies have been coming to London to set up fund management operations. And at the same time the

established concerns are expanding."

More and more companies have been coming to London to set up been coming to London to set np fund management operations. At the same time the established concerns are expanding. There simply are not enough experienced international fund managers around to fill all the available posts."

Overseas banks have emerged as one of the most dynamic

as one of the most dynamic sources of new competition in the international fund management sphere. In the past year or so a stream of US, Arab and Japanese banks have set up fund management operations in

fund management operations in London.

The Bank of America's fund management aubsidiary, BANCO, for example new manages \$1.250n of funds in London. The US banks have not only increased the demand for fund managers in London, they have also changed the salary structure of the profession. Traditionally international fund managers have been more highly agers have been more highly paid in New York than London. Firms like Goldman Sachs, Mer-Firms like Goldman Sachs, Mer-rill Lynch and Fidelity have "imported" their high salaries-to the UK—paying as much as£100,000 a year for top fund managers—thereby forcing the established UK houses to increase the salaries of their employees in order to remain employees in order to remain

domestic market, have been forced to increase salaries for their London operations.

Salaries of UK-based International fund managers (£000's)

53 35 29 23

dealing, after the Big Bang in lower calibre manager, at a less

ary structure for international fund managers. According to Mr Boger Steare of Jonathan Wren, the salaries of bond portfolio managers rose first, but over the past six or pine. past six or nine months those of international equity fund mans-

fund management sphere has been accompanied by an increase in domestic activity. New British-owned fund management concerns have surfaced and the long established contenders, such as the large insurance houses and banks, have restructured their opera-

Barclays Bank, for example, has recently separated its fund management division from the clearing bank. One of the chief reasons for the restructuring was to offer fund managers an

was to offer fund managers an independent, and more generous, salary structure.

Two of the largest British insurance houses, the Prudential and Legal & General, have, both recently separated their fund management activities from their core operations.

May Day succeeded in revitalising the US securities markets.

Fund management

Many of these new, and many of the long-established operations, have embarked upon these launch and expansion programmes not because edditional business has already been generated, but because they expect the Big Bang to catalyse an increase in London's share of international catalyse are increase in London's share of international catalyse and for more funds to move into London for

The typical international fund management.

The precedent set by the US markets after May Day, New depicts him or her, will heve York's equivalent to the Big come straight into the City after Bang, in 1975 is certainly graduation, generally in economics with a first or upper ceed in revitalizing the US second class degree.

Securities markets and the flow A few years, just one year for the high flow of domestic and operance found. securities markets and the flow A few years, just one year for of domestic and overseas fund the high flyer, up to three for the management ectivity increased. main contenders, will be spent So did fund managers' salaries. in another discipline, probably

employees in order to remain cuit, and the link management competitive.

This trend has also affected overseas bouses. The Japanese banks, for example, which have traditionally paid relatively low four years experience could expect to earn between £50,000 today, compared and £60,000 today, compared to the more immediate problem of coping with the increasing competition within the existing market-place. With so many new and £60,000 today, compared to the more immediate problem of coping with the increasing competition within the existing market place.

heir London operations.

E30,000 two years ago.

Initially these foreign bouses

For the very best internatiocompetitive, and
managers the rewards increasingly fickle.

international fund managers of its emergence as the are, unsurprisingly, even are catching op fast.

A recent study by the management consultancy arm of the accountants, Coopers & Lybard Light Coopers & Lyb October, has accelerated the prestigious firm, with less flow of foreign houses into experience should earn around London.

> areas of the equity markets than gers have followed suit.
>
> The emergence of overseas ple, when the stock markets of banks as major players in the Europe, in particular those in London-based international france and Italy, were especially bnoyant, international been accompanied by an fund managers with expertise in Europe.

fund managers with expertise in European equities were in high demand.

Today the picture is rather better balanced. Given that stock markets all over the world are unusually volatile there is no clear demand for one area of

specialisation over another.
The career route to
international fund management in London is relatively straightforward. The area tends to attract the more conventio-nal, graduate entrants to the

don's share of internations securities trading and for more flourished in other sectors.

The typical international fund

In London, salaries have risen in advance of the Big Bang. Citing specific examples, or even drawing general guidelines to City salaries is octoriously difficult, and the fund management field is no experient.

and £80,000 today, compared contenders in the market, with between £25,000 and international fund management is becoming more and more

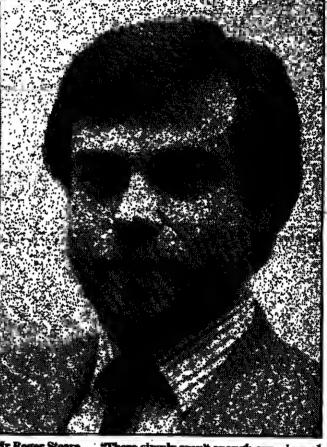
The board of trustees' half yearly review has now become quarterly. A poor performance in the quarterly review will call for aome convincing excuses, a second poor performance will lose the husiness.

A longer-term problem is posed by the risk that London could lose share of the international fund management market to other financial

Ostensibly the prospects for Locdoo fund managers seem bright. In recent years an increasing amount of US busicess has come to Locdon; the Arabs have long regarded London as their chief centre for equity trading, and liberalisa-tion in Japan is prompting the flow of Japanese funds into London too.

But New York and European based fund managers are as eager to coax this business out of London as the Londoc-based firms are keen to attract it. Given that Londoo banks oper-ete under a more Uberal regime than either their US or Jepanese counterparts the portents for the City look good.

Alice Rawsthorn



Mr Roger Steare . . . "There simply aren't enough experienced international fund managers around to fill all the available

#### HILL SAMUEL INVESTMENT **MANAGEMENT**

**Specialist International Management** 

Pension funds, corporate portfolios, captives, offshore funds ... to get the best from international markets, you need: highly developed multi-currency research

 a disciplined and individual approach to meet your fund's objectives

well proven portfolio construction methods

Our experience shows that these skills produce superior investment performance.

For more information, including our investment results, contact Stuart Fowler at:
45 Beech Street, London EC2P 2LX Tel: 01-628 8011 Telex: 887363



HILL SAMUEL INVESTMENT MANAGEMENT

Michael Page City A member of Addison Consultancy Group PLC

E Partie

nga dati . Ser of forti

Fe Apr. Z DESCRIPTION

#### **International Fund Management 9**





Jasper Olivier, Hambros director. "a fund manager's life is "tremendous weight of travelling."

Kevin Pakenham, chief executive, Foreign and Colonial: "tremendous weight of travelling."

#### **Investment Managers**

## Travel brings in the young

FUND MANAGERS, in the past, may have had an image of being old, staid and boring, but all that is changing. Now they are young, intellectually sharp, often women, and their job is increasingly seem as being a rather glamorous one.

There are several reasons for this. First, the internationalisation of fund management has

tense meetings about once every muning a portfolio—particular. It is glamorous once, she points out, international portfolios and unit trusts.

When it comes to pension funds, though, things are more traditional. "The trustees take a more conservative line," says asset management.

However, for every general rule, there are many exceptions. When it comes to pension funds, though, things are more traditional. "The trustees take a more conservative line," says asset management. He was bead-hunted away to fact the change of the points out, in trusts.

When it comes to pension funds, though, things are more traditional. "The trustees take a more conservative line," says asset management. He was bead-hunted away to fact the change of the particular.

When it comes to pension funds, though, things are more traditional. "The trustees take a more conservative line," says asset management.

However, for every general rule, there are many exceptions.

When it comes to pension funds, though, things are more traditional. "The trustees take a more conservative line," says and then in charge of a more conservative line, says the constant of the particular.

The second reason for the second

tion of fund management has meant that fund managers have to spend a lot of their time

In the days when institutional investors put only a tiny propor-tion of their funds abroad, they tion of their funds abroad, they could use a third party's advice about which companies to invest in But now, increased competition in the Industry and pressure on them to add value to their portfolios has forced them to visit personally the companies they invest in.

This is what Mr Kevin Packenham, chief executive of Foreign and Colonial, has called, "a tremendous weight of travelling." It is quite common for fund

tremendous weight of travelling," it is quite common for fund managers to spend one tenth of their time travelling and not uncommon for it to be much more than that. An increasing number use computers, they are also expected to be familiar with the whole range of financial instruments, from low what is happening in foreign markets from close up.

One effect has been to against risk Those who look afdiscourage older people with

discourage older people with families, who may not be so keen on spending so much time away from home. Another has been to pull in younger people, who may find the prospect of foreign trips rather glamorous. "The international side has an appeal to the young," says Mr Jasper Olivier, a director of Hambros. "The prospect of has

a great attraction... A fund manager's life is much more exciting than it was 15 years ago."

Ms Madeleine Hall, a European fund manager at Schroders, goes to the continent on business for a few days of in-

ing three years in Hong Kong is

The second reason for the change in the type of people going into fund management is the increasing complexity of the job. Looking at the various sec-tors of British industry and mak-

A third reason why fund management has taken on a higher profile, thinks Mr Jo Welman, a pension fund manager at Bar-ings, is that it has been a reli-able source of earnings. This has been particularly important

Foreign business has discouraged older people with families, who may not be keen on spending time away from home, but young people may find the travel glamorous

ter foreign portfolios are in-creasingly expected to be able to speak the languages of the countries they look after.

Mr Howard Flight, a 38-year-old who runs Guinness Mahon's investment department, says many fund managers over the age of 40 " simply cannot adjust to the present world." He thinks many young people are better at doing the job.

ably weighted in each is no longer good enough.

Fund managers are expected to be numerate, and an increasing number use computers, They are also expected to be welman.

for banks, which have been keen to develop sources of fee income. "We are in no way anything like the poor relations we once used to be," says Mr.

"Periodically it becomes more or less glamorous to work in one or other area of the City, manager and was responsible and the Big Bang doesn't apply to fund management as much as it does to some other areas. But, over the longer term, fund managements, fund managements has been establing in the U.S. became its first investment in the continents. Starting off that the U.S. became its first investment in the starting off the continents. agement has been catching np with other areas and it is prob-ably a more stable employ-

The route into fund management has reflected tha change in the role that fund managers are expected to play. Mr Paken-ham says the ideal recruit is somebody with a good first desomebody with a good first de-gree and two or three years at a stockbroker. Mr Olivier says Hambros takes university re-cruits and then trains them up. A few years in accountancy are also thought to be a good train-ing for fund management.

F&C three years ago. The main attraction to him was the chance to explore the services that the independent British manager could offer to the rich in-ternational private client He felt what such clients needed was not bankers, but investmen

Ms Hall moved into Schroders' banking side in 1975, doing credit analysis and then investment analysis before finally moving into fund management in 1979. She thinks such a route is unusual and that, as a result of the Chinese walls being set un after Big Bang, it may become harder to move from banking to fund management.

Half a generation earlier, Mr Olivier took a not totally dissimilar route. He moved from Peat Marwick, the accountants, to Hambros 25 years ago

tants, to Hambros 25 years ago as a dealer. Soon afterwards, be became its first investment manager and was responsible for setting up its fund manage-ment operations in the Far East. back to Britain in 1970 to work for N.M. Rothschild in pension fund management. He then spent a period working for Wardley, the merchant bank owned by the Hongkong and Shanghai Bank, and in 1979 went to Guinness Mahon to develop its offshore fund business. A more typical route was A more typical route was probably that of Mr Welman. He moved straight from Exeter Uni-versity to fund management at

**Hugo Dixon** 

#### Research

### Outsiders relied on for advice

organisation in which two people cover Japan and one (possibly only part-time) covers the US West Coast high-technology sector has to be taken with a pinch of salt Add somebody in New York and a couple of analysts in London, and your have a worldwide network. Or do you?

Even within the national markets of the US and the UK it is

Even within the national mar-kets of the US and the UK it is kets of the US and the UK it is comparatively rare for invest-ment management businesses to conduct widespread fun-damental research. The econo-mics are such that it cannot often be profitable to do so. There are some exceptions in specialist sectors, where stock-hroker research may not be available, but these are fairly musual cases.

available, but these are fairly unusual cases.

So there is a reliance on external research, almost always provided by securities firms. This must be still more true on a global scale, where the costs are much higher in view of the travel required. costs are much higher in view of the travel required and the expensive international com-munications links which are

The really big money is absorbed by research into individual stocks, which requires a great deal of company visiting and the building up of enormous databases.

Despite its cost, such research has been quité widely available in countries where commissions in countries where commissions are fixed, because it is an effective way of competing on a non-price basis. An intriguing question for the London market at present is whether the volume are fixed, because it is an ener-tive way of competing on a non-price basis. An intriguing ques-tion for the London market at present is whether the volume

survived; but much of it has been concentrated into a relatively small number of giant

seminars. A number of these giant firms, such as Merrill Lynch or Gold-man Sachs, are now developing the concept of global equity

research.

This is partly with the aim of satisfying the needs of global investors. But often it is also analysis of industries

However, international inves-tors often pay less attention to the "bottom np," or stockpick-ing aspects of portfolio manage-ment than do domestic inves-tors. The "top down "approach places the attention on selecting markets and, perhaps, cur-

Arguably, it is in arbitraging hetween different national markets that international investors can best exploit inefficiencies. In this area, small inhouse teams of economists and

of research will slump because direct price competition is now permitted.

In the New York market, which was deregulated more than a decade ago, research has survived; but much of it has seek to differentiate them-

If they are all using the same generally available stockbroker research then it is not too easy to see how onn management house can hope to perform very differently from another.

In practice, of course, the in-house research function at fund management groups tends to be a second-level operation largely devoted to sifting the broker

Fund managers are unlikely to respond immediately to the constant suggestions that they should buy stock A or sell stock B. At the samn time, the quality of the research (if not of the recommendations) will at least testing the same than the same testing testing the same testing testing the same testing te detailed knowledge of thair industries and their companies. New technology now allows fund managers to consider ways of expanding the scopa of in-house research. Computer sys-tems make it practicable to set up more comprehensive research databases, as well as to access external information sources more readily.

For unwary international managers, such databases may provide traps, because the information may not be reliably comparable across borders, especially where the corporate and accounting cultures are

Nevertheless, all kinds of possibilities are opened up, espe-cially in the "quantitative" field where analysis can devise portfolios conforming to various objectives, such as risk profile or index-matching characteris-

This can tie in with the oppor-tunities for using options and futures, whether of stocks or currencies, in order to achieve defined portfolio objectives. Fund management firms are under increasing pressure to show clients that they have in-

house expertise in this area. In-house researchers can also come into their own when fund managers seek to follow very distinct strategies. This is more distinct strategies. This is more common in the US than in the UK, but they may wish to demonstrate special expertise in fields anch as small, high-tech companies, or energy exploration and development. Clearly, they will have to satisfy their clients that they have electronics experts or

have electronics experts or geologists on their staff who will enable them to follow special-

enante them to follow special-isms of this kind.

The extent to which manage-ment organisations will attempt to carry on such research within their own offices will depend on tha level of charges. If clients will only pay low fees, then naturally they must expect a stripped-down service. This has been the case, for instance, in the UK pension fund manage-ment business, where there has

been very heavy reliance on broker research inputs. In the US, fees have been higher, and the concept of the high cost bontique attempting to add value through a highly researched investment "style" has gained a good deal of ground. Too often, however, they have failed to deliver

adequate performance over a protracted period.

In the global portfolio management business, fees are higher still but so are the costa. It is necessary to demonstrate expertise on the ground in the major markets. But " research can be a rather hazily defined

concept.

Besides researchers, financial groups may need bankers and marketing representatives.

There is sometimes just a suspicion that the men in faraway, expensive branches may be wearing several hats at once,

### Innovation is our tradition

Foreign and Colonial has pioneered the major investment moves of the last two decades:

Early into Japanese Equities in 1961 **Significant Venture Capital investments** since 1969

The oldest European Investment Trust, established 1973 (and today top of the ieague tables)

The first overseas income Unit Trust in 1984 The first equity indexed Futures Fund in 1986 And of course the first Investment Trust in 1868.



Funds under management exceed £1.9 billion

1-Laurence Pountney Hill, London EC4R 0BA. Telephone: 01-623 4680



# Independent thought

Free thinkers have always influenced the important changes in the world's history. Battles have been fought for the right to independent thought and ideas. Touche Remnant pension managers have a reputation for having an independent line of thought and action.

We have years of experience and wisdom and a clear view of future pension fund strategy, Give it some thought.



## **Touche Remnant** Pension Fund Management

Mermaid House 2 Puddle Dock London EC4V 3AT

Telephone 01-236 6565 Dealing 01-248 1250 Cables Tremnant London EC4 Telex 885703

Accounting standards

## **Cross-border investment** eludes national agencies

GLOBAL portfolio managemant calls for glabal research, and for the generation of the generation of international databases capable of throwing up valuation anomalies in tha US or Japan or howers Quilter Goodison.

worldwide investor.

Some countries, such as the US, have their own rigorous standard-setting processes for company accounting. But these standards may sometimes be in sharp conflict with tha principles used in other countries. and many other countries, by on means all of them economically undeveloped, have nn consistently applied accounting standards at all.

To some extent, securities agencies nr stock markets are in

a positing to impose a degree of uniformity. Foreign companies listing in the US, for instance, are required by the Securities and Exchange Commission to file statements detailing the extent of the departure of thair account from US geoerally accepted accounting principles.
But the surge in cross-border
investment is taking investors
well beyond tha reach of national agencies such as tha SEC.

For pinneering investors seeking to arhitrage hetween wildly different valuation bases in different markets the fine details of company reporting may not matter too much. But if there is to be an efficient ginhal market in equities, based oo systematic analysis rather than

speculation, the quality and comparability of financial informatioo around the world most be improved.

Since 1973 a specialised body, the International Accounting Standards Committee has been Standards Committee, has been working steadily to improve the cumparability of accounts worldwide. In doing so it hes recognised tha needs of various user groups. Uotil recently, however, the IASC has been composed only of representatives of national accounting bodies.

But in January this year the investment community became directly represented on the board of the IASC through the admission of the first non-accounting organisation, the International Coordinating Committee of Financial

According to Mr. Damant: "We Unfortunately, the quality of need to represent the views of the financial information availusers in the discussions. We able is running a long way have a different perspective as behind tha needs of the users rather than as auditors or as preparers."

He argues that investment analysts have been under-rep-resented in standard-setting discussions lo the past, although he admits that this is often because relatively few expert analysts have shown much direct interest in the process of preparation of accounts.

Mr David Cairns, secretarygeneral of the IASC, believes

If there is to be an efficient globalmarket in equities, the quality and comparability of financial information

must be improved the analysts will have an impor-tant Impact on international standardisation. "The fact that we now have a represented group which is an nut-and-out user is a help. It focuses our

minds oo the important issues," he says. The IASC also derives some valuabla input from the International Federation of Stock Exchanges. This is a member of the consultative group which regularly meets the IASC board and provides comment on proposed standards.

Twenty-six international accounting standards are now

in existence and there is a regular programme for the develop ment of new standards and tha revision of existing ones. One major current project, for inst-ance, concerns disclosures in the financial statements of

banks But the IASC has never bee in a position to Impose rigid standards and is never likely to be. It has to recognise national differences and its standards quite niten permit alternative approaches (while ruling oot others, bowever).
According to Mr David

dardisation. The new word is harmonisation," he says, adding that the aim is to achieve comparability with the aid of a certain amount of adjustment.

In this he may be reflecting the views of expert osers who regard financial statements es source of analytical material rather than es end-products in themselves. But accountants have always preferred to pro-duce single profit figures rather than multiple-choice documents, perhaps because they also want to serve less sophisti-

cated users.

The IASC has faced several besic battles over the years. On a is the conflict between commercial and tax-based depreciatinn, with several European countries, nutahly West Germany, as the main hattleground.

In Japan there have heen difficulties over consolidation and over asset veluation, though the pull of listings in the US has caused some shifts in practice and at least nne Japanese company, Sasebo, now formally pany. Sasebo, now formally complies with international standards.
Ironically there is only nne

US company, General Electric, dning tha same — but this is becausa compliance with international standards is implicit rather than explicit in

Within national markets it is probably not terribly important whether companies specifically complete companies specifically comply with international standards. There is much talk, however, of the development of a global market in international grade equities and at this level a high quality of financial reporting is necessary. reporting is necessary.

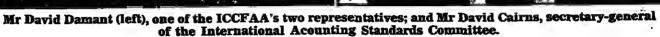
But companies will need a

reason for exceeding the requirements of oatlooal company laws. Greater uniformity of pany laws. Greater uniformity of company accounting is likely to be much more rapidly achieved when companies have a significant incentive — in terms of easier and cheaper access to the capital market. To that extent the ioterna-

tionalisation of portfolio management will have a cunsiderehle · impact on major com-panies around the world, but it will take time for comparability to be achieved. Meanwhile, fund need to tread very carefully.

Barry Riley





Administrative obstacles

## Computers don't hold all the answers

THE ITALIAN bargains that get lost in a never-ending settlements tangle, the French tax repayments that take three years to come through, the "If that's not handled well a for example, to cast a shadow groups which can command the over Deutsche Bank's recent resources fir complex systems. "It's vital to spot them quickly giant international placing of and get them resolved," he says. The Libyan Government's stake three in Fiat. years to come through, the Japanese new issues that are not physically delivered for six months. . . These are just some nf the potential snares for the international fund manager.

Americans, in particular, find such problems very difficult in deal with. The US markets are sn highly computerised that fund management firms can automate their back offices elements are less to the like of the second such as the second suc almost completely. It is not like that around the world.

Several of the hig loternational banks are building substantial businesses out of servicing global investment management. Mr Doug Reeve heads np Citicorp's investment industrial division in London, and he points out the pitfalls that can

fund manager can speed an awful int of time chasing around it can be a very substantial hidden cost."

A common problem is that international fund managers spot an opportunity in a small, national market and all attempt to move in at once. This creates a sudden boom with which existing settlement systems are incapable of coping, leading to long delays and sometimes even temporary shutdowns of the

Examples are Sweden a few years ago and Italy much more recently. Although the Italians have taken action to improve settlement capacity, the delays have remained serious enough,

According to Dong Reeve, It is important to be able to arrange un-the-spot services by finding tha most effective sub-custo dians in each market place. In Citicorp's case these will some-times be local branches of the bank, but could aften be ather hanks depending on the particu-

lar circumstances.

Mr Peter Sedgwick, chief executive of Schroder Investment Management, highlights the importance of effective administration to the success of

danger that this can lead to inflexibility in the systems.

The Americans, London

The Americans, London experts suggests, have been rather slow to realise how unsophisticated other countries' systems are. This means that US mutual funds, with a high international weighting, can find it difficult to meet a sudden surge of redemptions, because it can take weeks to realise the proceeds for foreign -

stock sales. This is not to say, however, an international fund management business. "The hack offices are requiring as much attention as the investment management side," he observes, argues that too many British Computerisation helps the hig fund management concerns are

running old systems which will only cope with a UK-type portfolio.

"As a result, the core administration system will only cope with a small proportion of the services that are needed." he says. "The systems ere creaking. To compete, UK managers are going to require much more

Mr Gray thinks, in fact, that internationalisation is having a far greater impact than the Big Bang changes of the London Stock Exchange on the way that

fund managers run their Tax brings its own problems for the international investor. Many countries impose withholding tax on company dividends, for example, at a variety of rates and according to a variety of

cunditions. in principle, these deductions can often be reclaimed under double taxation agreements between different countries; but it is necessary to be familiar with the bureaucractic procedure and know how to fill in the right form. Evan then it may sometimes be necessary to argue with the local tax authorities.

ities.
One London manager, for example, tells of how the French tax authorities tried to resist a claim for a tax refand on behalf of a US pension find on the somewhat obscure grounds that since the fund was not liable for tax in the US, it had borne single, not double, tax in France and did not qualify for a

refund.

The point was eventually conceded by the French, but such ceded by the French, but such

ceded by the French, but such disputes can eat np vast amounts of fund managers' time if they are allowed to.

Clearly, accumulated expertise in this area is immensely valuable, especially if it can result in avoiding the deduction oftax in tha first place. Once the money has disappeared into the coffers of the tax authorities, it can take anything up to three years to regain if.

years to regain it.

Tax and settlement are unappealing subjects, but they have to be given a high priority by fund managers operating in the global market. There is a risk that the much more glamorous front-end systems, involving trading and information petricval, will gain too large a share of attention, with potentially disastrous consequences.

disastrous consequences.

Terry Gray has a particular warning for the smaller operators who have relied in the past on muddling through. "The smaller fund management companies are not used to spending the smaller fund." large sums on administering portfolios," he says. But in the increasingly competitive busi-ness of international fund management, cutting corners will have increasingly serious con-

Barry Riley



It takes particular skills and expertise to keep in touch

managing funds of over £5.2 billion has an unrivalled wealth of experience in this specialist field.

Investment managers for over 50 years, Henderson's independence and unique style have led to a successful performance record that spans the stockmarkets of the world.

To put this international expertise at your fingertips, all you have to do is pick up the phone, call 01-638 5757 and ask for Stephen Nevitt.

HENDERSON ADMINISTRATION INTERNATIONAL LIMITED.

#### THE POWER TO MAKE IT HAPPEN **CREATES** TRADING OPPORTUNITIES AROUND THE CLOCK, THE WORLD OVER.

IN NEW YORK, LONDON, BRUSSELS, FRANK-FURT, ROTTERDAM, GENEVA, CREDIT LYON-NAIS' TRADING ROOMS ARE HUMMING: SO ARE THOSE IN LUXEMBOURG, STOCKHOLM, MADRID, MILAN, MONTREAL, PANAMA, TOKYO, SINGA-PORE, SEOUL, TAIPEI, MANILA & CAIRO...

CONNECTED TO EACH OTHER, THEY ARE ALSO LINKED TO TRADING ROOMS OF CREDIT LYONNAIS AFFILIATES IN SOUTH AMERICA AND THE MIDDLE EAST, SERVING CORPO-RATE CUSTOMERS ALL OVER THE WORLD, 24 HOURS A DAY.

BUT A TRADING ROOM, FOR US, IS NOT JUST THE PLACE WHERE MILLIONS OF DOLLARS ARE BOUGHT AND SOLD EACH DAY. IT IS ALSO THE HEART OF OUR ADVISORY SERVICES: OUR TRADERS SHARE THEIR REUTER SCREENS AND THEIR EXPERTISE WITH OUR CORPORATE CUSTOMERS, TO HELP THEM BOTH IN FOREIGN TRADE AND IN CASH MANAGEMENT, THE WORLD OVER, IN ANY CURRENCY, AROUND THE CLOCK.

OUR GLOBAL ASSETS ADD UP TO 100 BIL-LION DOLLARS, WE OPERATE IN 70 COUNTRIES, TRY US AS A PARTNER. WE KNOW HOW.



## THE GRAND DUCHY OF Uxembourg

The European Community's alternative capital is thriving as a centre for both international banking and the EEC. Yet it is a small country bordered by influential neighbours and must struggle to make its

A MAJOR centre for "offshore" thous husbandry in the past and banks; the EEC's alternative (for the moment at least) some 'capital', an exotic tourist trap; easing of financial pressures on and the hard of the control of the banks. and the hame of a radio station which has long been a household name. For a small country-not much higger than a typical English county-Luxembourg bas a remarkably high profile on the International

stage.

Perhaps because of this, it appears from the nutsida to have more than its fair share of contradictions and inconsisten-

Though a fully-fledged mnmber of the European Commun-ity—and bost to sevnral key institutions—Luxembourg's influence on EEC political deciaion makers (notwithstanding a reputation for compromise) is minute in practice.

While rightly renowned for political and economic stability, four fifths of Gross National Product (GNP) is based on external trade. How to remain competitive with its much bigger neighbours is a perennial concern.

The country's sophisticated and increasingly natward-look-ing banking and financial services sector belie a quiet, pro-vincial and relatively unspoilt

g of on annual

to 2 ver 5 pro inc

The relation

TA STATE OF ALTER

MES

KY REDA

Barry Re

And, finally, its deeply Catholic, conservative and quint-essentially middle-class people are governed by a coalition which includes the Socialist Workers' Party presided over by a Grand Duke who is more a spiritual than a constitutional

Lixembourg has one of the highest, if oot the bighest, per capita incomes in the Community and is currently emerging from the recession of the early 1980's in envisbly sound economic and financial health.

(for the moment at least) some easing of financial pressures on the heavily state supported steel industry—further tax cuts for individuals and companies are on the way.

Luxembourg currently runs a bealthy hudget surplus which recently allowed the Centre-Left government of Mr Jacques Santer to announce a puckage of tax cuts of nbout LFr 5hn for 1987 plus the promise of further fiscal incentives thereafter.

fiscal incentives thereafter.
Ecunomic management, of course, is far easier in n small country than a large one. Moreover, thanks to its favourable legal and fiscal environ-ment and its famed banking secrecy, the Grand Duchy has been ahin to haild up a banking, insurance and fund manage-ment sector, which by any criteria is disproportionate to its size.

Tn an extnnt which local

#### By Tim Dickson

people and ex-patriates allke will only uncomfortably admit, Luxembourg's economy reaps the benefit of blatant tax eva-

sion by fireign investors.

To be fair, politicians and others repeatedly pnint nut that Luxembnurg is not a tax haveo"-at least oot in the conveotional sense, Personal taxes, as any expatriate banker will hitterly complain, are steep by any standards (not least becaose of the absence of many persooal allowances) while corporation tax-40 per cent and falling is higher than in thn UK.
As seen from the Grand

Duchy, what individuals or com-panies care to do with their money—or bow they wish to account to their tax authormic and financial bealth.

Most of the indicators are poloting the right way—
unemployment is just over 1 per cent and falling, inflation is virtually zero, GDP is close to the EEC average; and thanks to cau—

Duchy, what individuals or commonly what is account to their tax authorities.

On the other hand, the Luxembourg what is a commonly what is account to their tax authorities.

provisions enabling lending institutions to eliminate taxable profit—is a prime reasm why foreign banks flooded in during tha late 1960s and 1970s to "book" syndicated loans and large parts of the hurgenning and highly-profitable Eurubond husiness.

Moreover, the popular Lux-nmbonrg holding enmpany-exempt from all taxes and dating back to 1929—has proved a useful vahicle for shrewd financial planners well beyond the Grand Duchy's own borders. At thn last count there were 6,000 of them.
Luxembourg's ohillty

handla the harsbness of recent economic change—in which the growth of the banking and finnn-cial sevices sector has played a key part—is undenishly impressive. The nim new is to strengthen the roots of the 122 established hanks and 21 nnncredit institutions whose halance sheet totals in July this year stood at mare than LF7.721bn and to encourage the development of new floancial services such as private hanking, insurance and fund

nanagement.
The new enthuslasm for private backing—a development of the last three to four years as whnlesale lending has suffered from falling dnmand and increased competition from other centres—has the clear blessing of the authorities, who see it as an opportunity for Lux-embourg hanks to step up thnir investment in systems and bardware and to hire new people. At the eod of June this year

there were 213 Luxembourg investment funds - compared with under 100 at the end of 1983 - thrugh most of the investment management decisions are taken nisewhere. As nccouotants Peat Marwick Mitchel point nut, their growth was spurred by the Law of August 25 1983 which provided e more precise framework for



On the industrial side of the economy, the traumatic one of a number of foreign Luxembourgers have always rationalisation of the Arbed groups which give Luxembourg been ambivatent about the EEC steel works has been eased by

not prepared to see the country transformed into a pure service. Not surprisingly, the EEC institutions have given considerable impetus to the development of an ective deposit and investment market in Eurupean Currency Units (Ecus).

Another major Luxembourg and development agencies of is financial success is Cedel, the

Another majnr Luxembourg financial success is Cedel, the securities clearing centre owned by nearly 100 banks and financial institutions worldwide, whose growth has mushroomed on the strength of new international bond issues and the "securitisation" of debt.

Cedel "turnover"—the dollar equivalent of the value of securities cleared—rose almost 57 per cent to \$875.6bn in the nine months to end September this year and this month passed the \$1 trillinn mark.

On the industrial side of the ecooomy, the traumatic financial with the financial institutions, institutions, ioclinding the bendquarters of the European Court of Justice and the Court of Auditors.

Both the European Court of Justice and the Court of Justice and the Court of Auditors.

Both the European Court of Justice and the European Parllaments all lis borders, any job advertised in Luxembour response.

These "commuters" are just between the two groups.

These "commuters" are just between the two groups.

Luxembourgers have always

Luxembourger".

Besides the ex-patriate bank-

ers at one end of the scale and the large number of Portuguese immigrants which tend in do the menial jobs at the other end, Luxembnnrg is also hame to mure than 10,000 European Community employees working in the offices of the various EEC

tion.

The presence of a recognised stock has also hulped—besides the 3,000 Europonds and 200 shares there were 158 Investment funds listed at the end of the country of the presence of a recognised stock has also hulped—besides and politicisns as to the nature and the canditians of change.

The Government however, is the highest proportion in the highest

the most voluerable. On the other hand, it has been said that had its politicians pushed e little harder in the 1950s it might have ended up with the headquarters of the European Commission and hence become an even more prominent beadquarters of European affairs. Perhaps it was a reloctance then end now—a relact-ance rooted deep in their his-tory of continuous foreign inva-sions not to be overwhelmed by

outsiders.
This instinct undoubtedly explains the strong feelings stoked up in the Grand Duchy by the French nuclear power sta-tion at Cattenom, whose four giant cooling towers dominate thin country's south eastern corner from the far side of the Miselle.

Luxembourg's current campaign against the plant — given new intensity by the Chernobyl dissetter assets motivated and

disaster — seems motivated not so much by the ultimate threat as by the lack of local control over n process that directly affects its environment and its

people's lives.
In e different context, the cultural threat from outside can be detected in Luxembourgs' determination to cling to their nwn language, a dialect ulti-mately derived from German hut sufficiently different to defeat most foreigners.

Without a university to provide its own graduates, with such a small domestic market to. sell its goods; and with such a or all of their Community no reason why the Grand Duchy institutions. The European should not continue to use this Parliament offices have been to its advantage in the future.

#### CONTENTS Economy 3 Banking 4 and 5 **European Institutions** 4 Steel industry 6 Tourism 6 Air transport **Broadcasting** 7 Nuclear campaign 8 Expatriate's view **Business** guide

## THE CLEARING SYSTEM MEETING THE NEEDS NTERNATIONAL SECURITIES MARKETS

highly specialised computer technology finance facilities, long and short-term securities lending and borrowing service primary and secondary market operations settlement in 27 currencies including ECU



Luxembourg 67, Bd. Grande-Duchesse Charlotte / 1010 Luxembourg / P.O.Box 1006 / Telephone: (352) 44 992 1 / Telex: 2791 lu

seniative Office / 77, London Wall / London EC2N IBU / Telephone: (01) 588 4142 / Telex: 894 628

New York

Representative Office / One World Trade Center / Suite 8351 / New York NY 10048 / Telephone: (212) 775 1900 / Telex: 324 172

to find us, but it's worth it!

A prime location for your industrial project



Luxembourg Board of Economic Development Ministry of the Economy

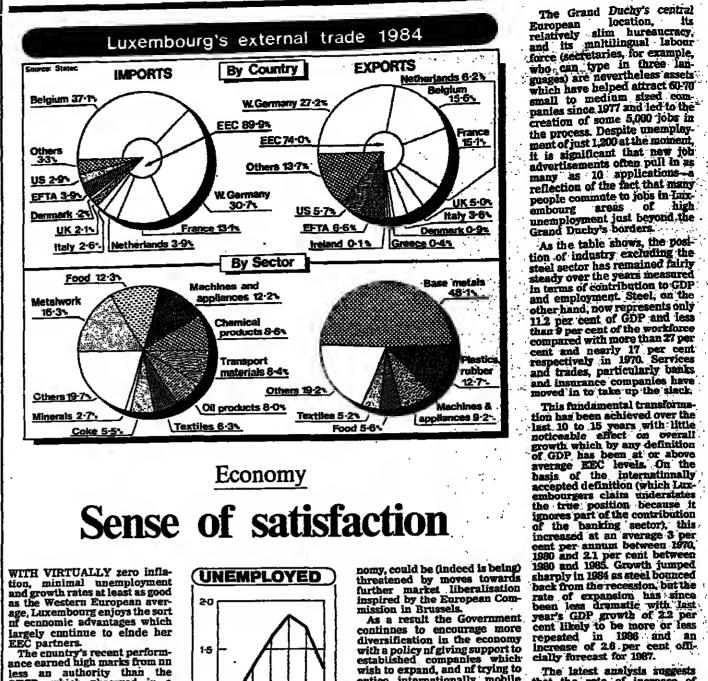
> 19-21 Boulevard Royal P.O.B. 97 L-2010 Luxembourg Tel.: (352) 4794231 Telex: 3464 eco lu

The Grand Duchy's central

As the table shows, the post-

This fundamental transforma-

#### LUXEMBOURG 2



#### **Economy**

#### Sense of satisfaction

(UNEMPLOYED)

WITH VIRTUALLY zero inflation, minimal unemployment and growth rates at least as good and grown rates at least as good as the Western European aver-age, Luxembourg enjoys the sort of economic advantages which largely comtinue to einde her

EEC partners.
The cnuntry's recent performance earned high marks from nn less an authority than the OECD, which abserved in a report published this summer that "in many respects the ecomic situation in Luxembourg appears to be among the most favourable in the OECD (area)".

Local enmmentators are sometimes mure lyrical. Mr Juhny Lahure, the Grand Duchy's Secretary of State for Duchy's Secretary of State for the Economy, reminded his audience at the opening of a trade fair last month that Luxembourg has been compared to a land "finwing with milk and honey"—a description which more cantinus politicians admittedly might eschew but which sums up the sense of spicificaction at the way things satisfaction at the way things

are gning.

To be fair, though, there is little complacency in the Government or elsewhere that the Grand Duchy is automatically assured of a rosy future. Indeed Mr Lahure himself went on to emphasise in his recent speech that the country's development should be seen in a wider confact that, much more so than its stay of the Luxembourg eco-

1981

Feb. March April May June July Aug. Sept. Oct. Nov. Dec.

inflation—year on year rise in consumer prices

1983

10.2 9.5 9.5 9.5 8.6 7.6 8.1 8.3 8.6 7.9

1982

8.7 9.1 8.4 8.1 8.7 8.9 9.4 9.7 9.5 10.4 10.8

Main activities as a percentage of GDP

AS PERCENTAGE OF ACTIVE POPULATION 1980 81 82 83 84 85 86 neighbours, it is dependent on

factors beyond its borders and hence beyond its control.

Besides the abvinus influences of the level of the dallar and the price of oil, Luxem-bourg relies particularly heavily on West Germany, France and Belgium not only as destinations for its exports and as sonrees for its imports, and raw materials. The increasingly important hanking sector may be prosperous at present, but as a truly international husiness is always vulnerable to sudden text than Luxembourg itself—a ontilows of funds. The fragile reference presumably to the recovery of steel, once the mainontflows of funds. The fragile

1985

3.8 3.7 3.9 4.4 4.2 4.4 4.7 4.0 3.9 4.0 4.0

1980 % 2.4 26.4 11.3 15.1 6.9 42.9 8.8 11.8

1986

3.6 2.6 1.5 0.5 0.4 0.1 (-0.6)

1984

7.4 7.8 7.5 7.7 6.7 5.4 4.9 3.6 3.6 3.2 3.3

nomy, could be (indeed is being) threatened by moves towards further market liberalisation inspired by the European Com-mission in Brussels.

As a result the Government continues to encourage more with a policy of giving support to established companies which wish to expand, and of trying to entice internationally mobile high technology industries to the Grand Duchy. According to Mr Raymond Kirsch, Director of the Treasury

and chairman nf Luxembourg's Societe Nationale de Credit et of Investissement (SNCI), this process started in the early 1960s in response to the sudden demise of the local coal mines demise of the local coal mines but it is only since 1977—the year SNCI was formed and the year he believes people finally accepted that the steel crisis was not just a temporary phenomenon—that the challenge became urgent Today, he says, with 20m tonnes of unwanted steel depressing Community markets in the short term and the clear prospect of the the clear prospect of the exhaustion of Arbed's cheap supplies of coal and from nre from neighbouring France and West Germany posing a longer term threat, the search for new industries is as important as

Luxembourg's financial package of subsidies, state credit, and tax breaks offers little that more depressed regions: in

Steel production

(Tonnes m)

Annual rise in GDP

4.95 4.62 3.79 3.51 3.29 3.99 3.95.

1.97

3.0 1.4 -1.0 1.5 3.2 5.4 2.2 2.4\*

\*Estimates

slowing driwn a little after the previous two years. In the first three months of this year, accor-ding to figres from Statec, the Government statistical service, industrial production rose by 5.3 per cent in volume terms by comparison with the equivalent period of 1985, against a 6.9 per cent increase during the whole of 1985 and a 14 per centjump in

Steel exports and production have been notably less buoyant with weak market prices compounding the difficulties. Industries other than steel, on the other hand, recorded a 5.7 per part increase in the first three cent increase in the first three months of the year, with non-ferrous metals, chemicals and synthetic fibres particularly

Tara Tara

Harry In

: · · · ·

tree-

يوميتها وكا

The latest analysis suggests that the rate of increase of

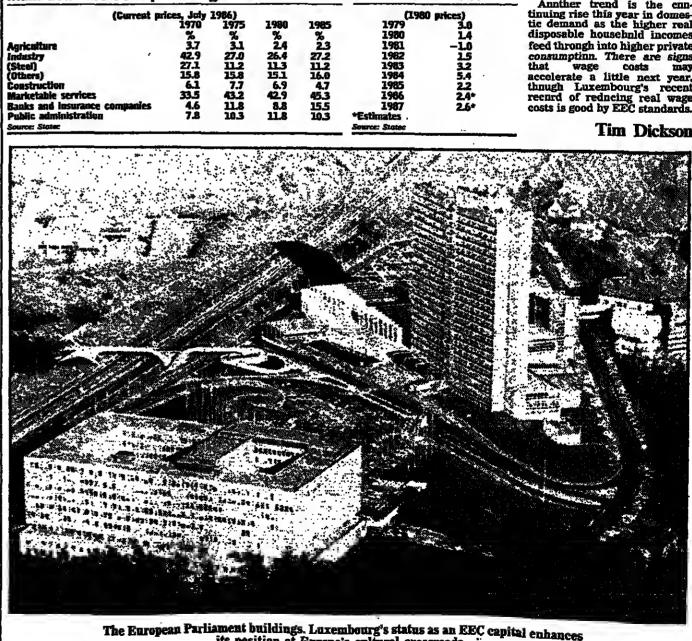
industrial output during 1996 is

Banks are likely to turn in results in 1986 which will stand mparison with their healthy 1985 figures, the construction industry finally seems to be experiencing a cyclical noswing on the back of expansion in ser-Europe cannot match nr indeed wices, while tourism receipts top, particularly when large advance slowly hut steadily.

crept up in the early 1980s as the steel sector shed more jobs, is on the way back down again and looks set to fall from 1.7 per cent to 1.3 per cent of the working population by the end of this year. The weak nil price this year has kept inflatinn in check and thanks to the activities of the bank's "invisible" earnings the Grand Duchy's negative trade balance is transformed into a healthy current account surplus estimated by the OECD-at some LFr65hn nr between one quarter and one third of

Annther trend is the cnntinuing rise this year in domes-tic demand as the higher real disposable household incomes feed through into higher private consumption. There are signs that wage costs may that wage costs may accelerate a little next year, though Luxembourg's recent record of reducing real wage costs is good by EEC standards.

Tim Dickson



its position at Europe's cultural crossroads.

NIKKO

nies and investment funds.

market.

Irst And

Toremost

The Nikko (Luxembourg) S.A.

The special services you require in Luxembourg require special skills in Luxembourg. A leading partici-

pant in this market since 1974, Nikko (Luxembourg) S.A. complements a large capital base with special

expertise in the financial services responsible for the emergence of Luxembourg as a hub of European

We handle Eurocurrency deposits and loans and

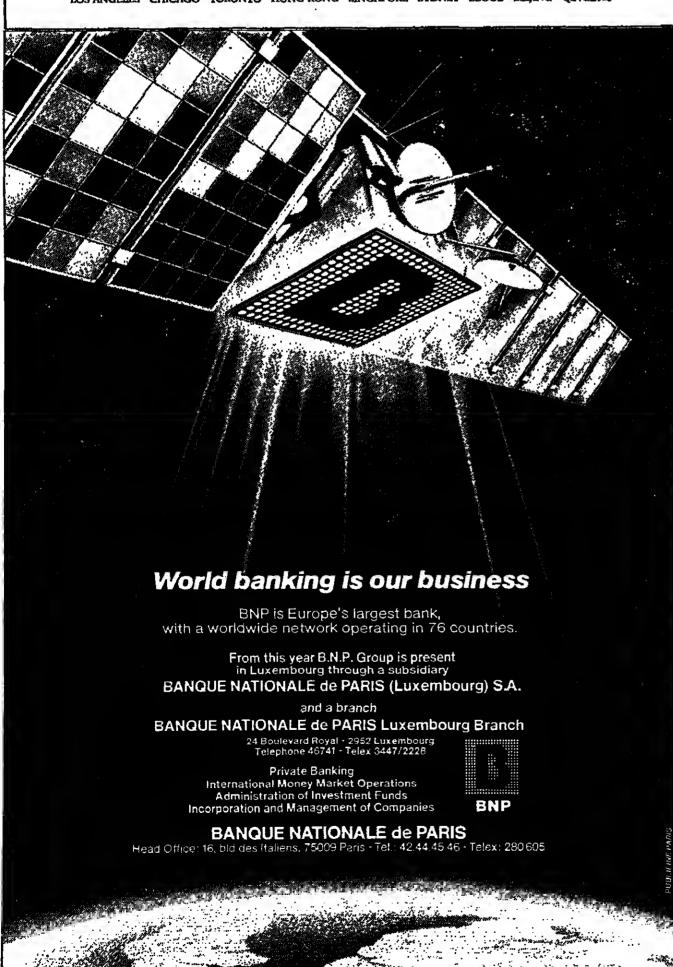
foreign exchange transactions. Eurobond issuers turn to us for listing, paying, and conversion agency services, and we are a valued source of domiciliary and

administrative services for financial holding compa-

First and foremost. Special expertise in a special

16, Boulevard Royal, Luxembourg, Grand-Duchy of Luxembourg

TOKYO LONDON ZURICH GENEVA FRANKFURT PARIS COPENHAGEN BAHRAIN NEW YORK SAN FRANCISCO LOS ANGELES CHICAGO TORONTO HONG KONG SINGAPORE SYDNEY SEOUL BEIJING QINGDAO



## Big contributor to GNP

bourg's longer-established local banks on e Belgian public boll-

banks on e Belgian public bollday and the chances are yoo will
day and the chances are yoo will
in transformation as private banking and investment manageing and investment managemont take over from traditional
who less lending as the major
actual lending as the major
actua the cloak of the Grand Duchy's

banking secrecy.

They have, of course, long been a familiar feature of the local banking scene— but in the local banking scene— but in the last three to four years a significant change in their composition has been taking place. As one commentator neatly puts it:

"Increasingly the visitors are neither Belgian nor teeth extractors."

extractors."
For all the talk of boosting "off balance sheet" activities, for examplo, fee income still accounts for only a relatively small proportion of earnings.
Tho change of omphasis from the straightforward "booking" of loans to providing fully-fledged services for personal customors, demands a new type of skill and experience which is not acquired overnight; and stiff international competition from other banking centres is inevitother banking centres is inevitably putting now pressure on the Government to enhance further the attractions of Lux-

embourg as a banking contre.
The banks' importance to the Luxembourg economy is well illustrated not just by their contribution to the budgot and the rising level of employment—
11,000 or 6.8 per cent of the total labour force at the last count bnt by the ratio between gross national product and the banks' total assets. In Luxembourg the ratio is 1:30, whereas in most securitised debt has compensional product and the securitised debt has compensional product and the securitised debt has compensional product and the securities of the securi industrialised countries it is

of 26 per red.
101 26 per red.
102 26 per red.
103 26 per red.

Met. Stallar as

140 1925 124 129 22 10 22 2 129 27 10 22 2 ASSESSED BY

2. Production to ara P. La Ce estab 97 (1965), agammatik

reals cares as and a 34 percent

SALES TO SEE The purity feet. nor van meie mi, recordel 12:

of the year with motals memals . There puts

- 35d p. 705 705

ನ್ನಡ ಅನಿಯ ಚಿತ್ರದ

12764, 128 ESSE (232) 1823 :

ALL PROPERTY

4 3. e 15.000 E

South Million

The state of the s

er trett i tre er tre

fessional money management used to be the upper 10,000, but they are now the upper 10m in Europe," according to Mr Pierre Jaans, director of the Luxembeller Management Institute.

While confidence is undoubtedly high that the latest

encourage the greater use of "on shore" locations—has been one threat to Luxem-bong's traditional role in the Eurobond market. The Graed business has dropped from a peak of more than 12 per cent of the dollar total in 1979 to about

of many industrial companies which emerged leaner and more

sated somewhat but the contre of this market is London and much of the issuing placing and

Luxembourg's banking pro-fitability is healthy, with last year's operating results for the sector of LuxFr 85hn (up from LuxFr 67.5hn in 1984) likely to be repeated in lhe 12 months to December.

A significant feature of the Grand Duchy—and one of its key fiscal attractions from the point of view of operalors there-is the generous level of bad debt provision allowed by the authorities before banks actually strike their taxable

Some subsidiaries (notably of the German banks) declered zero profits in past years but this practice has now been discontinued as the scope for making sizeable provisions becomes less and (according to ma offi-cial) local subsidiarles increasingly wish to make a visi-hile contribution to their group results.

rosults.

Not profit after provisions but bafore tax climbed steeply from LuxFr 20.3bn in 1984 to LuxFr 27.8hn last year—a trend which is likely to continuo hut which will not necessarily he accompenied by a commensurate improvoment in the bank's underlying performance. undorlying performance.
As higher profits are declared, bankors will no doubt

declared, bankors will an doubt hope that the Government will further reduce the level of corporation lax, currently 40 per cent but due under current hudget proposals to come down in 36 per cent in two stages over the next two years (the offective rate will actually be some three points above that). Critics note that this level will still be higher than the UK's 35

per coot, though they accept thel the Conservative/Socialist ecalition partners are poli-tically constrained from moving more quiekly at the moment.
This year's hudget also proposes the abolition of a tax on aggregrate salaries and various stamp duties, and the reduction of a local profits tax.

Association des Banques et Banquiers (ABBL), pays tribute to tha "positive attituda" of the Government to the banking sector and adds that this year's Budget is "a step in the right direction." He would clearly

like other changes, bowever,
Besides further cuts in
corporation tax Mr Roed cites
lotal abolition of a tax on bank capital, better and more numerous double taxation treatles (the absence of which be says is driving certain business away) end a lowering of personal income tax for key foreign work-ers. The Government bas agreed In principle to this last point but the ABBL remains unhappy with some of the dotail.

In the end, the financial institutions will bave to prove themselves that they can rise to the meaning themselves that they can rise to

the new challenge of private banking Soma pertinent ques-tions about this new orientation are posed by Mr Volker Burghagen of Dresdner Bank and a man whose 12 years in Luxen bourg has given him direc, experience of private customer business. Mr Burghagen cau-tions that many of those embracting this business for the first time "will find a totally new sort of activity.

"They need staff and experi-

enco since Luxombourg has no real reputotion as a major financial centre for private investors. The customers they attract will therefore need to be convinced and the banks which manage their assets will bave to new people and new operational systems.
"Some hanks I know are

already having problems. They jumped on a train that is going pretty fast and they found that they didn't have the infrastruc-ture."

Markets, be adds, have gen-

erally been bealthy in the last two to three years. How, be wonders, will tho new players cope when things get rough in a bear

Tim Dickson



Directional radio installation at Luxembourg-Kirchberg.

#### **Politics**

#### Coalition maintains the consensus

between Conservatives and Socialists would be inconceivable in, say, a country like Britain. But the fact that Luxembourg'a Christian Social Party and the Socialist Workers' Party produced a common programme after the last elections in June 1984 and have managed to work togother ever since is evidence of the unusual political consensus in the Grand Duchy.

Luxembourg's two key politi cal figures are Mr Jacques Santer, the 40-year-old Primo Minis-ter and Finance Minister and his Socialist vice premier, Minister of the Economy and Foreign Minister, Mr Jacques

Poos, who is 51. Critics claim that there are potentially serious areas of con-flict between the two camps but the strong impression gained from talking to the two mon is that the interests of Luxem-bourg are well ahead of narrow party political differences. Here are some of Mr Santer's

on Luxembourg's influence: "It is an historical one. We are at the heart of Enrope hat we have no political amblitions, except to serve the European Community. "For me this and the elting of national interests is unaccept-cultures—the French and the German—and it has been the German—and it has been the majority voting which follows task of our politicians like Robert Schumann and Gaston Thorn to find compromise solutions to their problems."

On the threat from the French Cattenom nuclear plant: "We problems, they have integrated



Jacques Poos

On Luxembourg's people: "We are a middle class people, for better and for worse."

On Luxembourg's influence: "It more powerless than any other



**Jacques Santer** 

on the economy: "We are now in a period whre we have to try to consolidate our industrial situation. After the steel crisis we are becoming more of a service economy hut we bave to main-tain an industrial sector. That is why we are so keen to attract

"Wo also want to become an important centre for broadcasting and telecommunications." "Wo also want to become an important centre for broadcasting and telecommunications." On politics: "Luxembourg has a tradition of coalition of coali tradition of coalition governments. They are alway changing but there is no polarisation

on the banks: "The Socialist

Party in Luxembourg is aware that the sector gives employment to 6.6 per cent of the working population and that it must be fully enconraged by the anthorities. We feel that e private person within certain limits should bave the right to do what he wants with his

"Wo bope the banking sector will continue to grow but we want a strong industrial and agricultural sector too. Insur-ance, reinsurance and broad-casting are significant areas of service sector activity."

will implement fully the deciaious to bank krugerrands and

#### A connexion with Luxembourg as a financial centre is faster than many people believe.

Only at first glance might banking with us in Both corporate and private clients profit Luxembourg seem remote. Actually, we're as from our cross-border financial know-how. close as your telephone. And a Luxembourg connection could prove a very attractive asset Why not call us (00352 / 452255-1). for you, wherever you operate.

In Luxembourg we're strategically placed to serve you in many interesting ways. The focus of our activities is on short and medium-term Eurocredits, as well as trading in foreign exchange, securities and precious

It may just be the beginning of a highly rewarding relationship.

BfG:Luxembourg Société Anonyme, 2, rue Jean Bertholet, P.O. Box 1123 L-1233 Luxembourg, Telephone: 452255-1, Telex:1415 Bfg lu.

**BfG:Luxembourg** 



the demise of steel—is itself in the middle of an important

bourg Monetary Institute.

strategic switch can belp banks sustain their current record profit levels, and while commitmont to the Grand Duchy by local management at any rate seems to be strong, important quostions remain unanswered and nagging doubts about tha

future persist.

Competition—notably the liberalisation of banking regulations in centres like the UK, West Germany and Japan to

9 to 9½ per cont today. Wholesale business bas also suffored severely from the sbarp drop in syndicated loan activity following the problems with developing country debt at the start of the 1980s, and the lower borrowing requirements of many industrial apprecia

The point is that Laxembourg's banking and financial trading of Euro-paper bypasses
bourg's banking and financial trading of Euro-paper bypasses
Luxembourg.

In spito of all the changes

of a local profits tax.

Mr Ole Roed, managing director of Bergen Bank and a apokesman for the Luxembourg

among the people, just different sensitivities and different programmes. There is no tension in the coalition on any issue."
On the hadget surplus: "This is not just the result of the banks' contribution. Our predecessors were cautious during the worst of the steel crisis." Here are some views of Mr

On relations with South Afri ca: We have not followed the Notherlands and Denmark in pushing for more than the cur-ronl EEC sanctions package. We

On education: "We do not inlend to found a Luxembourg university. We are eware of the

Tim Dickson



Amongst the fortresses of Europe, Luxembourg held for centuries a position of paramount importance. Considered impregnable, its possession was continuously disputed by all the major European powers.

After the dismantlement of the fortress, Luxembourg has become more and more an international meeting-place in the heart of Europe.

A large number of European Institutions have chosen Luxembourg for their headquarters.

The international vocation of the city has been emphasized by the remarkable development of its banking sector. It is now a financial centre of world renown.

Participate in the advantages deriving from a Luxembourg banking location!

Banque Générale du Luxembourg is one of the oldest and largest banks of Luxembourg.

Our active participation in the development of the financial centre has enabled us to be at the forefront of Euro-banking and our specialists pride themselves on the first class service they are able to offer you.

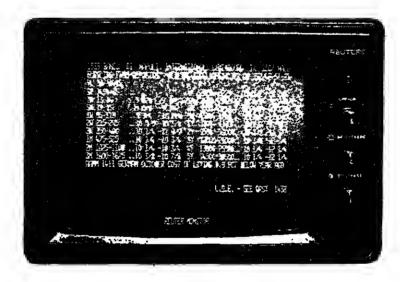
Our services range from opening a simple account to the management of your portfolio and include all securities and foreign exchange operations as well as deposits of Euro-currencies. We provide all services related to trade financing. We also participate in the issuing of Euro-Bonds and the granting of Euro-loans. We assist in the incorporation of holding companies.

Banque Générale du Luxembourg



Wholly owned subsidiary of Banco di Napoli.

A LEADING ITALIAN **PRESENCE** IN LUXEMBOURG



A full range of international banking services.

- Trade and project finance.

Short and medium term credit.

 Money market and foreign exchange. - Corporate and merchant banking.

- Forfaiting and advisory services.

- Capital market group.

- Private Banking.

**BANCO DI NAPOLI** INTERNATIONAL

Société Anonyme 8. Av. de la Liberté L-1930 Luxembourg Tél.: (352) 49 62 71 Télex: 1533 DIRNAP LU

## Europe's alternative capital

IN LUXEMBOURG they call it "la politique du siege"—the battle they have fought since the founding of the European Communities to ensure that the Grand Duchy remains the alternative capital of Europe.

A fair number of the local population bas doubts ebout it.

The result is an ever-growing cluster of office blocks ont on the cluster of office blocks on

and Portuguese immigraots in the service industries.

a policy defended with jealousy staff are in Brussels, and its and dedication, the one issue on which little Luxembourg might actually be tempted to use its veto in the EEC Council of

alternative capital of Europe.

A fair number of the local population bas doubts ebout it. Many people feel somewhat swamped by the invasion of foreigners coming to run the European institutions, in addition to the international hankers, and thousands of Italian and Portuguese immigraots in based in Luxembourg although

ers, and thousands of Italian and Portuguese immigraots in the service industries.

At official level, however, it is and most of the party political monthly plenary sessions are held in Strasbourg.

The joint determination of Strashourg and Luxembourg to keeo a sbare of the Parliament's

As for the Commission, it keeps a curious assortment of its departments there: the translation services, publications and statistics, half its high technology wizards, e share of personnel, and more logically, its investment and loans division.

semi-independent institutions have a higher pro-file—the European investment Bank, boasting the largest bank-ing business in the Duchy, the European Court of Justice bringing a steady stream of international lawyers to its doors, and the most junior institution of all, the Court of Auditors, keeping its wary eye

Eurocrats, diplomats, interpre-ters and mere scribes, it is a long and weary road, marked by

ate-night journeys. For Luxembourg it is a major diplomatic gesture, a regular pilgrimage which puts the Grand Duchy firmly on the European map, and no doubt a useful source of revenue from these who take adventures of the those who take advantage of the low rates of VAT to stock their cellars and cigarette boxes.

**Ouentin Peel** 

Court of Auditors

## Asking some leading questions

THERE ARE mixed feetings in the European Court of Auditors sbout the benefits of being

sbout the benefits of being based in Luxembourg.
On the face of it, this most junior of EEC institutions fits exactly the categories of those which are supposed to be sited there—it is hoth a legal and a financial institution.
There are those in its ranks, however, who believe that its job of being financial watchdog over EEC spending would be

over EEC spending would be very much easier if the staff were more closely in touch with events in Brussels, where most spending decisions are taken. Mr Marcel Mart, the Court's current president and himself a distinguished Luxembourger, has no such doubts.

On the one hand, he believes it gives the Court, just nine years in existence, a necessary independence from the Brussels machine. On the other, he maintains that much the greater part of the audit job is actually carried out in the member states, where the spending is

done.

Whatever the merits of that debate—and the Court's home in Luxembourg is still only "provisional"—it is an institution which has already succeeded in creating its own

On key issues of Community policy—the accumulation of surplus food stocks, dispensing of food aid to the Third World, the use of EEC funds for social

ventured criticism which has launched a gennine political debate.

Set up hy the Treaty of Brus-sels in 1975, with its first members appointed in 1977, the Court still reflects a divided

tradition of public andit in the Community. As such, its role is still somewhat schizophrenic.

Some of the Court's work reflects the "southern" tradition which simply asks if money has been great legally and corhas been spent legally and cor-reclly, and gives little more than rubber stamp to the EEC

Other investigations it has launched have questioned the 'sound financial management" of projects in the tradition of more northern European coun-tries such as the UK and West Germany.

"We must consider the legal-ity, regularity and sound finan-cial management of spending, but it has been left to the Court to define what we mean by these three things," Mr Mart says, "We still haven't agreed any common

In spite of that rather profound theoretical division, the Court bas simply got on with its job. The only question is which areas of spending are tackled in which way—and it depends on the member of the Court Christopbersen, responsible.

responsible.

Every year the Court produces one substantial piece of work— its annual report on the previous year's EEC budget—and a variety of special reports either at its own inspiration or the court of the court produces of work— its annual report on the previous year's EEC budget—and a variety of special reports either at its own inspiration or the court produces. and regional spending, and the vious year's EEC budget—and a dealt with in the future.

contrasting efficiency of tax collection between the member at its own inspiration, or the states—the Court of Anditors request of other institutions in the EEC budget now as, like the European Parliament.

Its report comes out just before Christmas, which sometimes means It becomes lost in activity, as the European Com-mission and the Council of Ministers desperately try to reached the decisions they have postponed throughout the year.
In spite of that, the annual report has managed, often by dint of annual repetition, to focus attention on key issues.
Mr Mart read the Riot Act to the Whiterarch Street

the Ministers of Finance from the 12 member states earlier this year, when he told them that if they were running a private company, he would have no option but to declare them bankrupt.

hankrupt.
At issue was the gross underestimation of outstanding Community spending commitments.
On the one hand, the Ministers had consistently failed to make any provision for the depreciation of their hurgeoning stocks of deteriorating food. On the other, they had allowed a build op of promised spending on social and regional programmes to run far ahead of the actual

That so-called "burden of the past" bas finally been taken into ccount thanks to the arrival in the Commission of Mr Henning Christopbersen, former Danish

ha was a journalist covering the embourg governme finally a member of the Court of Anditors—he feels frustrated hat his powers are limited to

By focusing too much on actual spending, and not enough on the aspects of the EEC which have no obvious price. like removing national barriers to the Common Market, he believes the Community gets a

Nonetheless, he recognises that any effort to ensure that spending is not only done but seen to be well done can only improve the standing of Brus-sels, Luxembourg and their European institutions.

"The Court has been defined as the financial conscience of the Community, Mr Mart says. "We have several things we can be proud of We were the first to tell the council there were a number of corpses in the cellar—and the cost of disposing of them is now about Ecu20bn. We have warned there was a perma-nent state of financial crisis

"We are simply filling one hole by digging another. It is an artificial exercise in the budget. and everyone knows it."

Quentin Peel

Steel production

## Slow recovery from recession

ARBED, Europe's fourth largest steel producer, is making a slow and painful recovery from the toughest recession in its history.

But the turnround is at best a tentative one, for round the cor-ner lurks a new threat in the shape of European Commission proposals for a second round of steel production quota liber-alisations, to follow last year's first phase of dismantling the EEC's steel crisis plan.

Like many other convalescent steel giants in Europe, Arbed fears that looser EEC controls will hit prices hard just as it stands on the brink of better health.

"The market has changed "The market has changed since the Commission made its decisions over quotas," complains Mr Georges Faber, Arbed's president, who has been busy preparing counterproposals with Eurofer, the European steel producers' association, to put to the EEC.

"This company has already reduced its capacity by 25 per cent from 6.4m tonnes over tha past 10 years. We think that perhaps we have done enough. I can promise a very tough discus-sion on this," he says.

However, Mr Faber is not expecting the recovery to go much further in present condi-tions. He expects that Arbed's end of year profits will be com-parable to the 1985 result of LFr 1.12bn net and that 1967 might even see a return to loss, espeeven see a return to loss, espe-cially if Europe fails to hold off production quota relaxations. Prices already are under pres-sure from increasingly fierce competition from low-cost Third World producers.

wer-capacity and plunas ging prices. For Arbed over the past 10 years has more than a halved its workforce, from 29,000 to 13,000—the equivalent of scrapping 12 per cant of the working population's jobs—and it is still 500 job losses short of its final target.

What is remarkable in the crisis, only 1.6 per cent of Luxembourg's total labour force is jobless. All tha same, running the division was a costly experience for Arbed. Mr Faber declines to say exactly bow costly, but he points out that it never made a profit, partly because divisional wages were daliberately fixed in line with what staff in the crisis, only 1.6 per cent of Luxembourg's total labour force is jobless. All tha same, running the division was a costly experience for Arbed. Mr Faber declines to say exactly bow costly, but he points out that it never made a profit, partly because divisional wages were daliberately fixed in line with what staff in the crisis, only 1.6 per cent of Luxembourg's total labour force is jobless. All tha same, running the division was a costly experience for Arbed. Mr Faber declines to say exactly bow costly, but he points out that it never made a profit, partly because divisional wages were daliberately fixed in line with the crisis, only 1.6 per cent of Luxembourg's total labour force is jobless. All tha same, running the division was a costly experience for Arbed. Mr Faber declines to say exactly bow costly, but he points out that it never made a profit, partly because divisional wages with what staff in the crisis, only 1.6 per cent of Luxembourg's total labour force is jobless. The outlook for Arbed

What is remarkable is that the steel group has managed to shed as many as 16,000 steel workers in such a small country without All this is bappening at a time when Arbed Is on its way to completing its third profitable year in a row, after having spent more than a decade in the red. The group's turnover slipped by its tunder 5 per cent to LFr tal since 1983, some of which 31.9hn (\$773.5m) in the first six was raised through a special months of this year, while net

profits climbed from LFr 499m in the first half of 1985 to LFr 802m.

However, Mr Faber is not expecting the recovery to go much further in present conditions. He expects that Arbed's

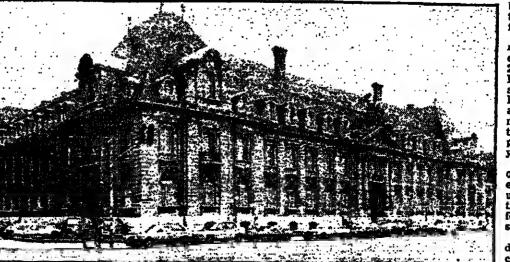
eded without forced redundancies. In a sense, Arbed and the Lux-embourg government, which fowns 31 per cent of the equity, had little choice but to do as much as they could afford to cushion the social impact of the

restructuring.

"Our problem," Mr Faber explains, "was that we had to deal with an industry that had grown far too hig for the size of the country. We were faced with hor to be size of the country. We were faced with hor to be size of the country. We were faced with hor to be size of the country. We were faced with hor to be size of the country. We were faced with hor to be size of the country. We were faced with hor to be size of the country. We were faced with hor to be size of the country. We were faced with the country we were faced with the country. We were faced with the country we were faced with the country. We were faced with the country we were faced with the country were faced with the country was that the unemployment register, in recognition of which the government agreed to subidise up to 20 per cet of its salary bill. For even after the crisis, only 1.6 per cet of Luxembourg's total country.

In the event, a third of the In the event, a third of the reductions were achieved through early retirement, with another third through pay-offs of between six months and a year's salary for voluntary redundancies, and the rest through a policy of not replacing those who left.

However, workforce reductions alone were not enough. A large number of additional



Headquarters of the Iron and Steel Federation in Luxembourg city.

from clearing woods for local authorities to—in a supreme irony—building a modern blast furnace as part of Arbed's attempts to cut production costs in the remaining steel activities.
The anti-crisis division fulfilled its rola of keeping people off

the market rate for what most of them were now doing.

Always seen as a short-term measure, the anti-crisis division has been gradually run down so that it now has only 200 staff, most of which are expected to have retired by early next year.

The effect of all these measures has been to allow Arbed to almost halve its debts from LFr 55bn to LFr 28hn over the LFr 55bn to LFr 28hn over the LF7 55Dn to LFT 28nn over the past three years—an achievement in any industry bnt still leaving a suffocating burden of borrowings standing at 1.6 times the LF7 17.5bn in sharebolders' funds.

finds.

In recognition of that progress, Arbed's share price stood earlier this month at about LFT 2,300, as against a low of a mere LFT 875 at the depth of the crisia. But even at their present level, Arbed's shares are priced at only some two-thirds of their at only some two-thirds of their nominal value, a reflection of the fact that the group has not paid a dividend for more than 10

Mr Faber refuses to be drawn on when shareholders might expect to pay-ont. "It will not be until we can guarantee that there will be regular dividends for every year afterwards," he

we are not ones for paying a wear and then dividend one year and then changing our minds—and that means we may have to wait."

William Dawkins



#### **LUXEMBOURG 5**



The EEC Court of Justice is hard to reach but highly respected

European Court of Justice

## Referee in institutional warfare

IT IS little more than n stone's throw from the European Tower, where the EEC Council of Ministers meets for three months of the year, to the European Court of Justice

)ns

budget comes ba

Gicsted Enter

Se start of his te

Constant of his ter Soverment in the land of the constant of his term of his

-ne feels frag

The state of the s

effect to enter the best of the control of the cont

- - 7 523 tem 25

A COLUMN La Maria Constanti Compani Constanti Compani Constanti Compani Constanti Compani Constanti Compani

1710152

med were words and of Commons

and a seed a Company

Quentia l

ION

to town. To walk still means crossing a dual carriageway, cutting through a botel car-park, skirting the long grass and going round a building site.

The difficulty of physical community seems to reinforce the divisions between the institutions of the European Community seems to reinforce the divisions between them when it comes to carrying out the aims and ambitions of the founding Treaty of Rome.

Yet of all the institutions, the European Court of Justice has carved for itself the highest repnation, and is most widely respected by the rest. Increasingly, it bas become the referee in institutional warfare, and the guardian of the traditions of the Treaty.

It is the institution least riven by the rest in the unit institution is to food and in control of the Community institutions, to make sure they toe the line and obey tha law."

That may be a partisan view, even from e senior judge, but it is one widely accepted. In addition, at least in the UK, the Court has managed to raise its profile ebove the level of purely commerciat lew with a series of indgments on genuinely popular cases.

One was the case of Mr Stanley Adams, the former employee of Hoffman-La Roche, the Swiss pharmaceutical comeny, who successfully sued the European Commission for releasing information which allowed bim to be identified as the sonree of price-fixing evidence against his own company.

Another was the vice the line and community institutions, to make sure they toe the line and obey the seen from e senior judge, but it is one widely accepted. In addition, at least in the UK, the Court has managed to raise its profile ebove the level of purely commerciat lew with a series of indements on genuinely popular cases.

One was the case of Mr Stanley Adams, the former employee of Hoffman-La Roche, the Swiss pharmaceutical comeny, who successfully sued the European court of Justice has some carried to the court of Hoffman-La Roche, the Swiss pharmaceutical comeny, who is the case of Mr Stanley Adams, the former employee of Hoffman-La Roche, t

It is the institution least riven by national jealousies, in spite of drawing its 13 judges and six advocates-general from a bost of differing legal systems, and baving to work in 10 different lancare allowance as a married guages (one more than Council, woman.

Commission and European Earlier in the year, the Court Parliament, who do not use Irish), its relative isolation from the regular hurly-burly of Comlier than men was discriminative form.

the regular hurly-burly of Community policies, tucked away in
Luxembourg gives it the sort of
alcofness its position requires.
Helen Marshall. All featured on
timage problem: few outsiders
can tell the difference between
it and the European Court of
Human Rights, which sits in
Strasbourg. The latter is not a
European Community Institution, being an offshoot of the 21nation Council of Europe, and
lier than men was discriminamorp, based on the case of former
health service employee Mrs
Helen Marshall. All featured on
the press in Britain.
That popular image has yet to
be won in all EEC member
states. Judge Ole Due, the Dansish member of the court, fears
that most people in Denmark
only remember the decision
which made the price of their
lacking any powers to enforce

The Court of Justice, on the agains other hand, has quite specific powers to enforce the Treaty of Rome, powers which all the impar EEC member states now accept

as taking precedence over their own national legislation. "The Court is the one institu-"The Court is the one institution that has been really effective." Sir Gordon Slynn, the
British Advocate-General,
believes. "The Council is bogged down in e conflict of
national interests. The Commission is frustrated because the
Court as the final judge of when
national measures to protect
health or the environment Council does not act on its prop- health or the environment

osals, and the Parliament is frustrated by its tack of power.

"The Court has taid down enormously important principles, without which the Community would not be where it is today. The Court has been very effective in supporting Treaty objectives tike the free movement of goods, and in control of the Community institutions, to make sure they too the line and the court is no creative in the court is no creative in supporting the court is no more than hide den barriers to trade. Everyone denote the court is the composition, not the rule.

Huge piles of written submissions now accompany the grow investigation of detailed facts in the competition and anti-dumping cases. The answer deliberately ambiguous, the court is to plead its own cause for a new Court of that it can accommodate all its staff in one building. About half in the court is to plead its own cause for a new Court of that it can accommodate all its staff in one building. About half in the EEC staff cases currently coming before the full court, as Huge piles of written submissions now accompany the grow investigation of detailed technical manters such as competition and anti-dumping cases. The answer deliberately ambiguous, the court is a long to provide the full court as all those requiring with a sail those requiring with a sail those requiring the community or investigation of detailed technical manters such as competition and anti-dumping cases. The answer deliberately ambiguous, the court is to plead its own cause for a new Court of that it can accommodate all its staff in one building. of Ministers meets for three months of the year, to the European Court of Justice.

To drive between the two requires a great circular deton, bowever, even if you do not get lost and find yourself half way to town. To walk still means crossing a dual carriageway.

"The Court has iaid down enormously important principles, without which the Community would not be where it is today. The Court has been very effective in supporting Treaty objectives like the free movement of goods, and in control of the Community institutions, to make sure they too the line and

lacking any powers to enforce domestic Aquavit spirit more its decisions on questions of expensive, and Scotch whisky human rights. relatively cheaper, by ruling against discriminatory tax

> The role of the Court as impartial arhiter of EEC affairs was also recognised by the beads of government at their Luxembourg summit in Decem-

law.
"The Court is n creative "But In principle such a move was agreed in the reforms to the Treaty of Rome approved by the heads of government at the Luxembourg summit, embodied in what is called the Single Euroment to stay in Luxembourg." It court," Sir Gordon says. "But we have to be careful not to step into the legislative area. We are not the legislator. That is the

Council."

Judge Due puts it the other way round. "I think the Court does play too big a role among the institutions—because the other institutions—because the other institutions do not do enough," be says. "If and when the Court takes decisions on political questions, it is normally because the political institutions have failed to reach a decision."

what is called the Single Euromant to stay in Luxembourg. "It may be e nuisance to the parties to come here," Judge Due says. "For the Court it is no nuisance. It is nice to be in a rather secluded place. The quiet surroundings are rather bealthy."

Quentin Peel a decision."

The classic cases involving auch failed decision-making on the part of the other institutions—which means primarily the Connell of Ministers—are those involving transport and

On the former, the Court has ruled that the institutions have a duty to draw up a common transport policy. They also have

transport policy. They also have a duty to enforce the rules of free competition in the disputed field of air transport, it has said. The major insurance decision, on a Commission case against West Germany, Denmark, Ireland and France for refusing to open their national markets to non-life insurance, is expected before the end of the year. That follows the end of the year. That follows 10 years of stalemate on the issue in the Council of Minis-

The problem for the Court is that it is gradually being wbelmed by the increasing volume of work

It does not exactly show in the hashed corridors, nor does its popularity shine ont from court rooms deserted by all but the indges themselves, as they lis-ten to an opinion delivered by one of their colleagues.

But that is a function of the Continental court system, which keeps oral debate to a minimum, and written procedures mum, and written procedures are the order of the day. British judges like Lord Mackenzle Stuart, the president of the court, and Sir Gordon Slynn, have introduced more open questioning into the proceedEuropean Investment Bank

## Banking on caution

Commission.)

It enjoys a triple-A credit rating on the international capital markets, which show no npparent indigestion at its increasingly frequent calls for finance. In 1985, for example, it approached the markets with 37 public borrowing operations, for a total of almost Ecu 4.23bn in a whole bost of different currencles.

To those priorities—and regional spending still remains of overriding importance—have now been added the promotion of high technology, and environmental spending on security than a commercial lense of the aim of cutting back on EEU oit imports and financing alternative energy sources.

To those priorities—and regional spending still remains of overriding importance—have now been added the promotion of high technology, and environmental spending on security than a commercial bank. We have no remains in a whole bost of different currencles.

Apart from being the largest banking operation in Luxembourg, the EIB is now the second largest multilateral lending institution in the world, after the World Bank.

With a certain smurgees its

With e certain smugness, its officials point out that it provided about \$7bn in finance last year with n staff of some 650, compared with the World Bank's \$8.5bn from a staff ten times the size. They then have to

admit that they are not exactly operating in the same field. The EIB lends 90 per cent of operating in the same field.

The EIB lends 90 per cent of its funds to operations within the European Community member states, which between them the declining industries such as subscribe its paid-up capital, textiles and shipbuilding.

re, Judge Due says.

Althoigh it lends a small line with lending activities, and proportion to the much riskier the successive enlargements of developing country projects the Community, culminating in financed by the World Bank, it the latest doubling on January is not involved in any of the 1, 1986, from Ecu I4.4hn to Ecu broad structural adjustment 28.8bn, coinciding with the joans offered by that organisa-

1985, without counting the member state, or something money it lends on other people's equally good," says Mr Dennis behalf (such as the European Kirby, former regional director for Britain's Department of the aim of cutting back on EEC

ding bank. We haven't got room for large provisions for bad deht."

The EIB is both a Community institution and e bank. It dates back to 1958, when it was set np by the then six member states to finance capital investment "promoting the balanced development of the Commun-

and whose guarantees under-write most of the projects con-cerned.

Although it lends a small time with tending activities, and

THE European Investment than is an institution which makes a positive virtue out of being dull and worthy. Some would say it is paranoid about publicity.

Yet it is a lending institution which has shown astonishing growth over the past decade or more, boosting its loans from little more than Ecu 30hn in 1974 to more than Ecu 30hn in 1985, without counting the

room for large bad munity institutions, although it ultimately reports to the 12 EEC Finance Ministers as its board

of governors.

Its funds are by no means evenly distributed across the EEC. By far the largest proportion—pre-Spain and Portugal—went to Italy, followed by the UK, with France third and Greece fourth. Out of Ecu 5.64bn lent from the bank's own resources in 1935, Italy received Ecu 2.6bn, and the UK Ecu I.1bn.

I.Ibn.
In addition to the money the In addition to the money the EIB raises from its own borrowing, it is used by the European Commission to manage the allocation of funds from what is known as the New Community Instrument — money raised on the capital markets by the Commission itself for similar schemes, although with more emphasis on prometing small emphasis on promoting small

Quentin Peel

## OUR AIM IS CLIENT COMFORT.



Westfalenbank International S.A. Your Banking Partner in Luxembourg

With our Euromarket activities we complement the financing capabilities of our German parent Westfalenbank AG. We offer deposit dealing and DM-bond trading, Euro-financing in all major currencies and the more sophisticated treasury products.

We provide a competent and flexible service to our customers. Please call Nicolas Cravatte for investments on 24061, Lutz-Henning Schüll for lendings on 47590128.



Westfalenbank International S.A. 31, Boulevard du Prince Henri, Post Office Box 745, 2017 Luxembourg Telephone 475901-1, Telex 3356 or 3358 wbintlu

Facilitating client financial needs in the right place at the right time is a major strength of Bayerische Landesbank, Munich, one of Germany's leading universal banks.

We have built a solid track record for precision in wholesale banking ranging from long-term fixed-interest DM loans and Eurofinancings to customized trade financing packages and management of international bond issues.

Our service potential is enhanced by presence in key world markets, including full-service branches in

New York, London, and Singapore as well as a wholly-owned subsidiary in Luxembourg.

The world of finance is more complex than it used to be, but we Bavarians have a reputation for reducing things to basics. And for client comfort.

For a top German banking partner. look to Bayerische Landesbank.

Bayerische Landesbank International Banking with Bayarian Drive and Friendliness

Head Office: Brienner Strasse 20, 8000 München 2, Tel.: (89) 2171-01, Telex: 5 286 270, Cables: Bayembank Munich. Branches: London, Tel.: 726-6022; New York, Tel.: 310-9800; Singapore, Tel.: 222 6925. Subsidiary: Bayerische Landesbank International S.A., Luxembourg, Tel.: 4759 11-1. Representative Offices: Toronto, Tel.: 862-8840; Vienna, Tel.: 6631 41; Johannesburg, Tel.: 838 18 13.



Away from the banks: the old part of the city.

#### **Tourism**

## Day trips boost income

TOURISM IS Luxembourg's third industry after steel and banking. Blessed with a central European location, delightful countryside and a multilingual population, the country has long been a feworite with visitors. heen a favourite with visitors from Holland, West Germany and Belgium.

Figures for the number of tourists are difficult to calculate. But the country's tourist office says last year's hotel and restanraot income rose just over 13 per cent to LFr7hn and total receipts from tourism could be twice as high as this. Officials at the country's statistical service say, however, that this could be underestimat-ing the effect of "frontaliers" or

horder hoppers, who pop across Luxembourg's largely open frootiers to do some shopping along with a little sightseeing. Anyone who has driven through Luxembourg cannot have failed to notice the well-stocked garages hursting with cigarettes, cigars and alcohol. The statistics office says visitors eager to pick up a cheap bottle of wine or low-tax cigarettes may account for an estimated one third of all sales of petrol tobacco or alcohol in the Grand

But just as in steel and banking, the last few years have seen a rapid change in demand. Cam-ping, once a mainstay of the country's tourist industry, is in decline as growing affluence has led to a demand for more comfort. With over 98 per cent of its own population now going ahroad on holiday, Luxemhourge has also faced major competition from more exciting loca-

responded with a series of longterm plans involving grants and loans, designed to encourage investment to improve the stan-dard of the country's accommodation.

Backed by the government, the Luxembourg tourist office is also now making an all-ont

international congress and sym-posium market. where ten

amounced that the country would boost its spending on promoting itself internationally at tourist industry fairs.

The facilities are there. Luxembourg offers organisers a embourg offers organisers a ready-made congress centre in the European Parliament hull-dings just ontside the capital, with the possibility of simul-taneons interpretation and a new debating chamber used only infrequently by the parlia-ment itself. ment itself.

The last few years have seen

steady growth in congress basiness. This year has already seen meetings of international police forces, experts from extracting industries, photographers and lorry drivers. And, before Christmas, Luxembourg hotels will be filled with General Motors dealers, cyclists, doctors and foreign exchange dealers. But one of the main problems faced by the country's tourist industry remains how to persuade the congress participant or visiting banker to stay longer than the time needed to finisb his or her business.

Last year's tourist office figures show a jump of almost 9 per cent in the number of arrivals and guests stayed on average 5 per cent longer.

But the average stay in the capital is still under two nights and even in hotels on the plcturesque banks of the Moselle overlooking West Germany and three-year absence from Lux-the Grand Duchy's own embourg and now has regular

Part of the problem has been a shortage of the sort of high class hotel preferred by the visiting businessman or well-off Belgian dentist stopping over to invest his savings out of sight of the taxman. the taxman

In the last few years, however,

posium market.

Earlier this year, Mr Jacques the cuisine today is more likely Santer, the Prime Minister to be nouvelle than grand-

loan plan has also been used to improve the standard of accommodation in other parts of Luxembourg such as the country's own stretch of Ardannes, and the starkly beautiful "Little Switzerland" on the German border near Echternach.

The tourist office and indi vidual towns have also made great efforts to publicise the attractions of a trip outside the capital and major investments have been made in restoring some of the country's imposing monuments, such as the castles of Beaufort, Vianden and

The tourist offices next plan is to try to improve rail links with the country. A link with the French high-speed train net-work could cut 40 per cent of the travelling time between Paris and Luxembourg, it is estimated.

booming, however, is the coun try's airport at Findel. Last year saw an increase of almost 12.5 per cent in the number of nontransit passengers to just under 900,000 and all 13 airlines using business despite fears of terrorist attacks.

British Airways also ended a the Grand Duchy's own embourg and now has regular vineyards, guests stay fewer than three nights on average.

Part of the problem has been the country's own airline, Lux-

the situation has changed dramatically. Luxembourg city Special Correspondent

Air transport

## Freight trade growing

AT FOUR KILOMETRES long off point on its way to Lima, Throughout its 16-year life, Luxembourg Airport's recently extended runway has become the longest commercial landing strip in Europe.

Off point on its way to Lima, Throughout its 16-year life, Havana and Kingston, Jamaica. Luxair has survived best by Spearheading Luxembourg's establishing incrative footholds attempts to build up a greater in ulche markets and then movernessence in air freight is Cargo ing on when major airlines start

strip in Europe.

It is a telling fact because it underlines how Luxembourg is strip in Europe.

It is a telling fact because it underlines how Luxembourg is trying to change its traditional identity in the air transport world as being primarily a convenient and economic stopping, off point for chartered passenger flights from outside Europe.

Strip in Europe.

Its a telling fact because it in the Europe's largest all-freight to encroach.

Its most recent step in this ing a recovery after two traumadirection was the opening in october 1985 of a twice-weekly service to Fukuoka, sonthern service flights from outside carriers in turnover terms is also Luxair's fastest growing also Luxair's fastest growing to encroach.

and Cargolux, the Grand Duchy's two main airlines, are

passengers a year, which is pretty small by international standards. On the other haod,

This allows airlines from a third country to land in Luxembourg pick up passengers and proceed to another destination. But it is permitted under air transport competition rules only if it does not harm the interests of local airlines. And

Cargolux's problems were partly self-inflicted in that it put

Duchy's two main airlines, are now putting all their resources into cultivating is freight rather than people.

The extra long runway (normal commarcial length is about loaded freighters anough distance to land safely.

Mr Joseph Colbach, sales manager for Luxair, which does the ground handling for all freight passing through the airport, says: "This airport can at the very most attract 3.5m passengers a year, which is of a tough new cater executive
has brought the carrier well
hack to health. The group
announced a rise in net profits
from LFr 81.9m to LFr 1.2hn in
1985 on turnover up from LFr
4.2hn to LFr 6.6hn.

Apart from reducing the air.

Before Champ was up and ing over a refinancing. Mr Grotenfelt introduced two important management reforms made money on a particular joh; to Cargolux. The first was to a symptom of the complications steer the airline firmly back to that arise from operating in up to

Surope. also Luxair's fastest growing very specific needs, and that's
The new market which Luxair source of business, where we should come in,"
and Cargolux, the Grand Cargolux's problems were explains Mr Grotenfelt.

A more striking example of Cargolux's willingness to pursue nnusual but nevertheless profitable markets is its contract with Tranair to carry 95,000 Moslim pilgrims annually to and from Mecca in three Boeing 747s taken on two-month leases for the occasion.

Cargolux's second, perhaps more profound, reform was the introduction after the crisis of a Introduction after the crisis of a new computer system, duhbed by the management as cargo handling and management planning, or Champ. The group knew that its cargo handling and cash managemant could be made more efficient, but since the computer software market could offer no system that would meet Cargolux's special needs, the company hired two US computer experts to build its own.

standards. On the other haod, we see a growing cargo business in Europe, which will concentrate on the very few airports like ours which nave modern handling facilities.

"This is why Luxembourg really wants to project itself as a cargo place," he says.

The change in emphasis is partly driveo by necessity. Increasingly fierce competition on passenger rontes has sapped demand for facilities under the so-called fifth freedom of the air, something which Luxembourg is one of the very few air destinations in the world to offer.

This allows airlines from a should reproduce a sight from LFr 26bn to LFr 28bn to could offer no system that would meet Cargolux's special needs, the company hired two US computer experts to build its own.

Mr Grotenfelt will not divulge Champ's development costs, but the does point out with pride that they have already been covered by sales of copies of the system to other airlines. Beyond that, the feeling among Cargolux technical staff is that the system's greatest impact has heer on pricing.

Before Champ was up and running, it took Cargolux in took cargolux in the stream of the sum of the

only if it does not harm the Interests of local airlines. And as carriers have fought harder than ever to hold thair shares of a static market, this kind of a static market, this kind of arrangement has tended to become less popular.

I celandair, for instance, was forced last year by objections from the Madrid Government to abandon its Luxembourg to Spain services, though it still runs flights through the Grand Duchy to the US. Aeroflot too uses Luxembourg as a stopping state of the way to be a major out of the way to be a major of Cargolux's 31 offices worldwide, automatically hoils for Cargolux's 31 offices worldwide, automatically hoils for the way to be a major of Cargolux's 31 offices worldwide, automatically hoils for the way to be a major of Cargolux's 31 offices worldwide, automatically hoils for attempt usually dollars or LFTs — and ing to compete head on against tells the management two days big combined freight and passenger carriers and slashing period exactly where they are which a group of its small size was poorly equipped to play.

William Dawkins

SET TOWN

enni Dest

2::::

in Creat Call 

E 10.51

## International **Private** Banking

## in Luxembourg

Citicorp Investment Bank offers a full range of services including portfolio management and holding companies advice to private investors.

**DGZ** International.

**Your link to** 

the Euromarkets.

market service spectrum.

wholesale banks in Luxembourg.

Savings Banks Organization.

Deutsche Girozentrale International S.A.

DGZ International in Luxembourg, a wholly-owned subsi-

Kommunalbank -, has a team of Euromarket specialists complementing the financing capabilities of the parent bank.

DGZ International mainly concentrates its activities on money

Foreign exchange dealings round off a comprehensive Euro-

DGZ International has been operating in the Euromarket for

15 years now, and it is recognized as one of the leading

The Frankfurt-based Deutsche Girozentrale - Deutsche

member institution on the federal level of Germany's

Kommunalbank - is one of Germany's major banks, the

16, Boulevard Royal

L-2449 Luxembourg

market trading and money market related credit operations.

diary of Germany's Deutsche Girozentrale - Deutsche

Please provide us with	information regarding y
□ Private Banking sen	rices
☐ Holding Companies	
☐ Mutual Funds	
Name	
Address	
Country	
	ET 11/6



CITICORP INVESTMENT BANK

Citicorp Investment Bank (Luxembeurg) S.A. . International Private Banking 43, 8d. Prince Hearl • L-1724 Luxembourg • Tel.: (352) 477 95 71

#### **LUXEMBOURG** 7

Broadcasting

## Big stake in satellite TV

MARCUS BICKNELL does not mind admitting that until last February he had only e vague idea where Luxembourg was.

That was when the Britishborn founder of the Music Box cable television channel moved to the Grand Duchy to take one to the Grand Duchy to take one of the most controversial jobs going in European broadcastgoing in European broadcasting. In the process, he proved to
himself that Luxembourg was—
contrary to what many Europeans imagine—more than just
a notch on a radio dial, and
became part of the tiny country's latest bid to enlarge its
influence over this fast changing industry.

ing industry.

Mr Bicknell is commercial di-

Mr Bicknell is commercial director of Société Europèene des
Satellites (SES), which has, in
the 18 months since it was set
np, swallowed LFr 4bn (\$97m) in
an ettempt to become the first
private satollite broadcasting
venture of any kind in Europe.
"It's a huge risk," he admits.
"Wo are olther looking at total
failure if the satellite goes down
or if we find no takers for the
channels, or we could be looking et e bonanza with television
links to tens of millions of
homes." As it is, last May's explosion of the European space
rocket Ariane, on which SES
plans to launch its Astra satellite, has put the project a year
behind schedule.
SES is very much the brainchild of the Luvembours Com-

SES is very much the brain-child of the Luxembourg Gov-ernment, which played a big part in its birth, owns 20 per cent of the shares and is cent of the shares and is pledged to guarantee up to LFr 3.5bn of SES borrowings. As such, it is the country's main weapon in a European battle to win the high ground in direct broadcasting—the transmission of satellite television programmes to individual receiver dishes mounted on viewers' homes. If all goes to plans to launch its medium

prominence in European broad-casting dates from the establish-ment in 1929 of the privately owned commercial station RTL, which is now struggling to come to terms with the deregulation of French television, one of its most important markets.

Owned by Compagnie Luxembourgeoise de Telediffusion (CLT), the group has over the past 57 years built an impressive and seemingly impregnable empire covering Belginm, France, Britain and West TV Sat.

RTL's French radio programme claims 11.6m regular listeners, its Germen equivalent has another 6.3m eddicts, while 2m Britons regularly tune in to their own Radio Luxembourg. Meanwhile, an average of 22m viewers daily watch RTL's French language television hroadcasts to southern Belgium, eastern Franco and the Grand Duchy itself. The latest eddition to the empire, the German television channel RTL-Plus, has grown to cover 14m out of the 22m German bomes with television since it started in 1984. RTL has also diversified into related areas like publishing,

related areas like publishing, video recording and software. Given the sheer musclo of this LFr 10.3bn annual turnover LFT 10.3bn annual turnover group, the outside observer can be forgiven for wondering why CLT is oot today ronning SES. Indeed, the Government offered CLT—its higgest taxpayer—the chance three years ego to run the direct broadcasting channels allotted to Luxembourg. CLT seemed the obvious choice, but its consprtitum of Belgian hut its consortium of Belgian, French and domestic sharehol-

ders was mahle to agree for mainly political reasons.

CLT had already chosen o different way to enlarge its European coverage, explains Mr Gust Graas, tho group's director general. He was already in deep margillalars. homes. If all goes to plan, SES now plans to launch its medium power satellite in Fabruary 1988 to hroadcast 16 channels on the roadcast 16 channels across Europe from Norway to Cibraltar.

"We could see no need for more channels than that," says Mr Grazz. "In any case, SES will be working with telecommunications frequencies (unlike TDP1, which as a high power satellite, will use different frequencies) so they will need authorisation from the PTTs—and it is not yet clear if they will get it." CLT is siso negotiating to operate France's

But like the satellites in-But like the satellites involved, neither the French nor the German potential agreements have yet left the launching pad. They are, bowever, important enough for CLT to try hard to avoid scuppering them by being seen to talk too closely to SES. All that Mr Grass will say is: "Wo are certainly considering whethor or not to take an SES channol es part of our European strategy, but we are far from decided."

His attitudo has ot eny rate softened. After CLT rejected the Government's offer, it becamo one of the most veciforous oppo-nents of the SES project be-eeuse of the damage it might inflict on CLTs French amhi-

After being dropped by CLT, the project was then offored to Dr Clay Whiteheod, an Americao and formor chief executive of Hughes Communications. But he needed, partly because of RTL's opposition, but also he-cause of fierce resistance from Luxembourg opposition parties, anxious at the prospect of opening European airways to a US television invasion.

A government committee set up to promote the project then recruited Dr Pierre Meyrat, former founder of Zurich-based Tele Club, Europe's first pay television service. Under more European colours, the venture succeeded in pulling in an ini-tial LFT 330m in March last year

sgainst -CLT because it will merely—if all goes well—be leasing satellits channels, rather than producing broadcasts for them. Its male existing competitors are therefore (albeit for different transmissions) the satellites run by European PTTs, whose goodwill needs to be earned before SES

needs to be earned before SES can do any business et all.

The telecommunications signals broadcast by European PTTs can only be received by larges disks, quite unsuitable for SES-type direct broadcasting. However SES will have to use frequencies over which the PTTs have traditionally held a monopoly.

monopoly.

But the PTTs heve in general been reluctant so far to let SES onto their alreaves. SES in July offered them a packago worth \$70m over 10 years with the use of three of Astra's transponders, but any agreement still seems some way off, admits Mr Bick-

Assuming SES gets the li-cences it needs, it will have to find enstomers for seven of its 16 channols to hreak even. So far, the Swedish hrosdeasting group Sconsat has algred for one and taken an option on e second, with e major British media company showing in-terest in o third, says Mr Bick-

of Hughes Communications. But he failed to ettract the finance he needed nearly because of ting and reception throughout the community certainly put SES—at least in theory—on the side of the angels. However, the realities of husiness life in the increasingly high technology world of broadcasting are

rather harder.
"The investors know the odds," says Mr Bicknell, "They hove played thoir dice and now they are just sitting back and seeing how the roulette wheel

William Dawkins

For your international financial business we are ready to explore virtually any avenue.

As a Luxembourg-based Eurobank we can offer you interesting local advantages - and as a specialized institution within the Dresdner Bank Group we can open up new horizons for all your international financial transactions.

We offer credit facilities of almost every kind, syndicate major loan transactions, buy and sell securities on all the world's important markets and conduct money, precious metal and foreign exchange transactions, spot or forward, in all leading currencies and categories. Our business partners are leading companies, financial institutions. government agencies and high net worth individuals.

Maximum flexibility and comprehensive expertise enable us to custom-tailor our financial services. If your requirements are not catered for by existing schemes then you are our kind of client. Unconventional solutions are our strong point. We look forward to hearing from you. Phone straight through to our Corporate Banking and Private Investors' Service and ask for Mr. Ehinger or Mr. Ristau – on Luxembourg 4760237 or 4760277.





Compagnie Luxembourgeoise de la Dresdner Bank AG

**Dresdner Bank International** 

#### Nuclear campaign

## Protests on French power station

represents e powerful threat, a constant reminder of the pow-erlessness of their tiny nation compared with its hig neigh-

Cattenom has dominated tha political life of Luxembourg for the past eight years. The irony is that huilding of the French plant started in 1978, just months after Luxembourg hed months after Luxembourg hod scrapped plans to build its own nuclear power station et Remershen, also on the Moselle. Though Luxembourg imports 55 per cont of its electricity (mostly from Germany), it finally rejected the nuclear option for Itself in November 1977 after o sistoreus campaign by the

vigorous campaign by the environmental pressure group Mouvement Ecologique, endorsed eventually by the thon rating Socialist party.

The construction of Cattenom just eight kilometres from their border was a slap in the face to border was a

border was a slap in the tace to Luxembourgers. When all four of the plant's 1300 kW reectors are complete in 1990 it will be one of the four largest nuclear power stations in the world.

Two-thirds of Luxembourg's populotion, all of the country's major medical facilities and the steel works that form the back-tane of its industry will be

steel works that form the dack-bone of its industry will be within e 40 km radius—the area that would suffer the greatest impact in the event of a major accident, eccording to nuclear

experts.

Luxembourgers believe an accidont at Cattenom could effectively destroy their conntry, and since Chernobyl they are ill-prepared to have such

(reactor No. 1 started up on October 23) are not confined to French territory. Liquid radioactive discharges flow down the Moselle to Luxembourg and Saarland, and gaseous emissions blow across

gaseous emissions blow across their frontiers. Further, French safety limits on radioactive amissions, which on radioactive amissions, which govern Cattenom, are based on "safe" radiation levels of 60 curies per year—five times higher than the 12 curia limit set by Luxembourg and West Germany.

Germany.

A Franco/Luxembourg convention signed in March this year gives Luxembourg some say in the operation of the plant. However, it has had e stormy reception from public and politicians, and is unlikely to be ratified until new issues arising out of the Chernobyl accident have been discussed.

Among other things, the convention sets limits on fluctua-tions in the temperature of the Mosello to protect its water life, and provides for a panel of experts to convene if discharges on any one day exceed 20 per cent of the annual permissible level.

Monvement Ecologique

Mouvement Ecologique believes this gives insufficient protection against sudden surges; German regulations stipulate that on no single day must emissions from a nuclear power stallon exceed one hundredth of the annual total
Chief among the convention's perceived weaknesses, perceived weaknesses, however, is its failure to provide an automatic alarm system to

THE SOUTH-EASTERN corner of Luxembourg is e patchwork of magnificent beech woods, fields and old villages, with grape vines clothing the hill-sides that face south across the river Moselle.

But dominating this tranquil ment and its people. Far from scene on the French side of the Moselle is an ultra-modern nuclear power station, its four giant cooling towers visibla for miles around.

To most Luxembourgers, Catterom is not harping on the ultimate threat, but on its lack of democratic control over a process that is environment control over a process that is environment committee on Catterom ment and its people. Far from "Firstly, we cannot accept that super-sensitive ebout their sovereign right to do what they want on their own soil.

To most Luxembourgers, Catterom is not harping on the ultimate threat, but on its lack of democratic control over a process that is environment control over a process that is environment committee on Catterom. "Firstly, we cannot accept that the security of our country has to rely on an independent company, the EDF (Electricité de France), which is at present responsible for reporting eccitation that the vaste products of the power station.

To most Luxembourge would be linked.

"We believe this is very important for two reasons," says Mr Nicolas Schmidt, head of a new inter-ministerial, government committee on Catterom. "Firstly, we cannot accept that the security of our country has to rely on an independent company, the EDF (Electricité de France), which is at present responsible for reporting eccitation to the recommendation of the security of our country has to rely on an independent company, the EDF (Electricité de France), which is at present responsible for reporting eccitation to the recommendation of the products of the power station of the products of the power station of the power sta

should have eccess to informa-ton immediately because every minute is vital in organising assistance to people, and poss-

Ibly evacuation." Luxombourg's misgivings were reinforced when, on August 25, e leaking pipe at Cat-tenom flooded two reactors with

tenom flooded two reactors with
400m litres of water. Notice of
tha eccident was givon eight
hours later, and full details
emerged only slowly.

While the convention presupposes that Luxembourg will
have to live with Cattenom,
offerts to halt construction have
oot ceased. These have
included a direct eppeal by the
Luxembourg government to the

included a direct eppeal by the Luxembourg government to the French government.

According to Mr Thed Faber, president of Mouvement Ecologique, President Mitterrand of France promised during his election cempaign to stop construction of Cattenom if he came to power. But he failed to fulfill his pledge, and on June 5, 1981, Luxembourg's anti-Cattenom Committee bought a full page in Le Monde, the French dsily newspeper, to publish a letter of protest, which was signed olse by the Christian-Socialist party and the Socialists.

Cattenom continued to grow

orotest, which work the Christian-Socialist by the Christian-Socialist.

Cattenom continued to grow behind coils of harbed wire. A pohiic inquiry hold by EDF in November 1985 on the levels of omission—to which only written suhmissions coold be made—with the affect the issue.

Mr Feber contends that the report was "forgotten" because its detailed criticisms were an omhartassment to a Laxem-wernment that has a contends that the report was "forgotten" because its detailed criticisms were an omhartassment to a Laxem-wernment that has a contends that the report was "forgotten" because its detailed criticisms were an omhartassment to a Laxem-wernment that has

German state government of Saarland, have a case before a

civil court in Strashonry, based on the Euratom Treaty of 1957the only supra-national legislation governing nuclear power

plants in Europe.

The case contends that Cattenom violates the treaty's ALARA principlo (As Low As Reasonaby Achievable) on radioactive emissions, and also that four 1300 kW resctors are heing constructed when permission was granted originally for only two 1300 kW and two 900 kW

A recent preliminary ruling by the French court said Catte-nom was in violation of Euratom on both counts, but refrained from suspending construction on the grounds that too many financial interests were et

stake.
"It's a scandal that the nonlear lobby is considered more important than the population of the region and its safety," says Mr Jop Weber, an independent member of the Luxembourg Chamber of Deputies.

Because of the lotense public interest, all Luxembourg's political parties have had to political parties have had to recognise the importance of the Cattenom issue. However, the political front may be less united than it seems superfically. Earlier this year there were reports that the partly state-owned electricity com-pany, Cegedol, was planning to huy onergy from Cattenom. (It backed down under vigorous protest from the Mouvement Ecologique.)

Further, eccording to Mr Faber a report commissioned in 1981 by the government from an independent nuclear scientist, Dr Pierre Courvoisier, on secur-

omharrassment to a Luxem-bourg government that has interests other than Cattenom to consider in France. One such is the hid by Luxambourg's dominant television company, CTL, for the fifth channel on French television.

Nicolas Schmidt's interministerial committee is ongag-ing two now experts to bring the security analysis up to date, and to study international law relating to nuclear power placts in the hope of strengthening Luxombourg's casa against Cal-

Though few believe that Lux-embourg will succeed in stopping Cattenom entirely, reactors three and four are still far onough from completion, Mr Schmidt says, to give the cam-paign somothing hig to fight for while continuing to press for security measures

overall For Mr Faber, however, the csmpaign mesns something more than practical echievements: "There has to be a poiol at which we stop; ool everything that becomes technically possi-hie has to be accepted poll-tically. I think in future there will be a reoriontation towards things more humano and environmentally friendly."

Sue Armstrong

## Kredietbank S.A. Luxembourgeoise

#### **Your Corporate Banking Partner** in Luxembourg

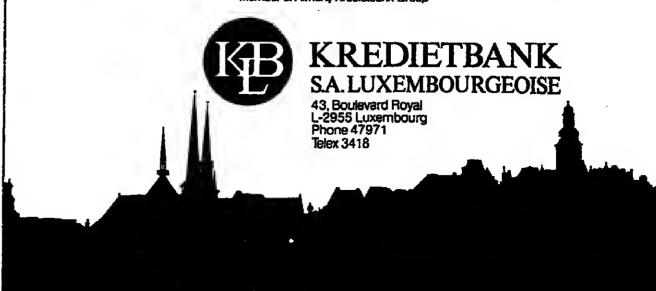
- 495 bond issues and private placements—equivalent to US\$ 28 billion—lead-managed or co-managed by Kredietbank International Group during fiscal year 1985-1986.
- 101 bond issues in ECU—lead-managed or co-managed by Kredietbank International Group—aggregating ECU 7.3 billion and representing 79% of the total amount issued in 1985.
- 1,300 securities issues have been listed through KBL on the Luxembourg Stock Exchange.
- 42 Investment funds, with an aggregate capital value of US\$ 3.85 billion are domiciled at KBL.
- KBL is acting as paying agent for over 2,500 bond issues, representing an equivalent amount of US\$ 140 billion.
- KBL is domic@ing or rendering administrative services to more than 850 holding or other companies.

Associated Bank Kredietbank N.V. Arenbergstraal 7, B-1000 Brussels (Belgium)

Subsidiaries Kredietbank (Sulsse) S.A. 7. Boulevard Georges Favon, CH-1211 Geneva 11. (Switzerland) KB International (Hong Kong) Ltd. 16/F The Bank of East Asia Building, 10 Des Voeux Road Central, Hong Kong

In London centative Office 20 Copthall Avenue, London EC2R 7JD Tel. 628 5921, Telex 888709

Member of Almanij-Kredietbank Group





## Culture 'clash' for expatriates

A NEWSPAPER recently car-ried an advertisement for a banker based in Luxambourg imported productions in Along with a "competitive sal-French, German or the native Along with a "competitive salary," the advert also tempted tha prospective candidate with "the attraction of a metropolitan cantre and European capital, Luxembourg."

The advert may have heen Classical music fans fare effective, and it may have slightly hetter with regular recipleased Luxembourg's tourist tals by Radio Luxembourg's office. But the reaction among own orchestra and two festivals the country's expatriates was

mostly raised eyabrows and stifled laughter.

For whatever attractions Luxembourg does have—and it has several—being a lively metropolitan centre is not one of them. New arrivals from Paris or London oflen suffer a severe case of cultural deprivation in their first few months.

Apart from a handful of cinemas, where many of the films longer than they have to. One are in English, evening senior British banker com-

Luxembourgeois. But the English-speaking theatregoer has to make do with mostly amateur offerings and the inevitable Gil-bert and Sullivan

each year, one in Wiltz and one in Echternach. Pop and jazz, however, are scarce.

An evening out thus tends to be spent in a restaurant or one of the "ln" hars with the unlikely names of The White Rose, The George and Dragon or The Cockpit.
Faced with this lack of after-

work pursults, younger residents are not keen to stay on

plained that his teenage children managed to find an excuse each school holidays to avoid

coming to Luxembourg

But other expatriates swear
by the placa, relishing the bigh
standard of living and the
relaxed pace of life, as well as uxembourg's central locetion in Europe. Luxembourg is no tax haven,

contrary to widespread belief. Basic tax rutes are due to be cut by 2 per cent next year to 38 per cent, although European Community employees get a special deal and the government is looking at ways of tempting senior banking experts to come to Luxambourg by offering tax

But you hear few complaints since high salaries more than make up for the taxes in most cases and food, drink, cars and houses are relatively chasp.

Luxembourg is the richest

few European capitals where a
15-minute drive from the office

year and much of this is due to high salaries for foreign residents. In contrast, Britain boasts nn average lucome per head of just over £9,000.

Schools for expetriates are good and health care is excellent. In Luxembourg, going to the doctor is like buying a car. You choose your specialist out of the phone book and if you don't like the treatment, you change to someone else.

Rents in Luxembourg city itself can be high. But many expatriates choose to live just outside town, where a three or four-bedroomed house with garden can be had for the price of a

small flat in London.

Many people also enjoy the fine countryside. There can be few European capitals where a

country in the EEC, measured in terms of earnings, with an average income of about £11,500 a fields. Another half-hour and you can be in Luxembourg's "Little Switzerland," an area of real beauty with wooded hillsides and rocky outcrops just near the German border.

The change from a mainly agricultural economy to a banking centre of regional if not international importance has been abrupt and has meant a large influx of money lnto a tiny

country.

Most of this goes on conspicuous consumption—new Mer-cedes cars, abundant jewellery and fur coats are much in evi-dence even on trips in the supermarket, and the centre of Luxembourg boasts an impress-lve collection of expensive shops offering an array of designer fashions, gold watches and

But the sudden wealth has not destroyed the small town atmos-phere of most of the country. Shops close religiously between noon and 2 pm and husiness remains a civilised affair, with everything stopping for a long lunch.

The small town feel applies to the bureaucracy, too. Like most countries in Europe, setting up home in Luxemhourg involves a bewildering number of forms to fill in to register with the authorities. But unlike other countries, you can usoally get to talk to the person who is actually dealing with your

The same applies for the mundane problems of everyday life.
Long-term residents often
regale the newcomer with
apochryphal stories of calling up n minister to complain about while not all in these stories are true, the phone book does

Strollers in the Grand Rue paved shopping precinct.

ministers' offices and a quick tion made by foreigners.

Office, can produce startling. Office, can produce startlingly quick results.

Luxembourg is also surprisingly free of antagonism to foreigners, even though about 25 per cent of the country's population and a much higher proportion of the working population are not Luxembour-

With more than half of the plnces at kindergarten and primary school being taken np by foreign children, some back-lash might be expected. But Luxembourgers, who have dialect which owes much to Ger-perhaps been hardened by 22 man, is spoken everywhere and invasions in the coutry's history, although almost everybody also

one of separate development rather than ntegration. The country is proud of its motto "Mir wolle bleiwe wat mir sin" (We want to stay what we are) and proud of its survival through two world wars which saw German troops march across the country.

Different nationalities tend to stick together and an invitation to a Luxembourger's home is a rare event for the expatriate.

The native Luxembourg language, a Moselie-Frankish dialect which owes much to Gerspeaks French and German, a foreigner who takes the trouble to learn the language invariably receives a much warmer weicome and often gets better service in the shops.

Finally, the one attraction that almost all foreigners cite about Luxembourg is that when the quiet life gets too much, it is easy to get away.

Situated right in the beart of. Europe, you can be in France or Germany almost before the car is in top gear. Paris or Brussels are only a few hours away and London can be reached comfort. ably in a day's driving, or in just over an hour by plane.

Special Correspondent

ux icses

mirate is

ಡ ಎಮ್ಮಾ.

lato por

ಷ್ಟ್ ಬ್ಯ

225-

ighen d

22.

הו פקסי

- 2

ing's vi

## YOUR PRIVATE BANK ACCOUNT IN LUXEMBOURG.

THE BENEFITS

There are very special benefits to be gained from opening a private hank account in Luxembourg. Benefits which can be derived nn place else. Benefits which the prudent investor should

become aware of. Luxembourg is a secure sovereign state, an EEC member, a major financial centre. The Laws of the Grand Duchy offer the non-resident

account holder confidentiality and security second to none. The private banking services offered by Maryland Bank International S.A. make

these benefits available to you. We are a well established, wholly-owned subsidiary nf Maryland National Bank, which is part of the dominant banking group serving the Washington DC - Baltimore market,

with assets in excess of \$7 billion. Our size enables us to offer a truly personalized and confidential banking service for an elite group of

high net worth customers. A service which takes full advantage of the benefits of a Private Bank Account in

Our booklet 'Confidential Banking Services in Luxembourg' lists all the advantages available to yon: zero taxation; unusual confidentiality; the full range of banking facilities; exceptional service. It also

comes with complete account opening forms. Send for it today. To: Maryland Bank International S.A.

33 Boulevard Prince Henri, Luxembourg. P.O. Box 11.

MARYLAND BANK INTERNATIONAL SA.

PLEASE SEND ME DETAILS OF YOUR CONFICENTIAL BANKING SERVICES IN LUXEMBOURG

SHB Svenska Handelsbanken S.A.

International banking services

for corporations and individuals

Wholly-owned subsidiary of the

Svenska Handelsbanken, Stockholm, Sweden.

Write or call us.

Svenska Handelsbanken S.A. Luxembourg 146, Boulevard de la Pétrusse

P.O. Box 678 • L-2330 Luxembourg

Telephone: (352) 499 8111

(352) 490 004

## Quality that is little known

THAT NOT many people know Luxembourg wines is due mainly to the fact that Luxembourgers drink almost as much wine as they produce and only a comparatively small amount, some 7m litres, is

But the white wines produced on the slopes of the Moselle on Luxembourg's border with Ger-many are rightly renowned by

The country's wines are dry and refreshing and go well with fish or can be drunk on their own without the day-after headache that beavier wines cause. There are seven main types, all white: Elbling, until recently the

most common, is a dry, hut sometimes tart white wine drunk as an everyday table

taken Elbling as the most com-

a full-bodied, fruity wine, is Ideal as an aper-

Pinot hlane, a white burgundy, is fresh, dry and fruity. An ideal wice for fish or seafood. Pinot Gris or Rolander, higher in alcohol than most of the other wines, is smooth and full of fla-

vour. It is often served with roast meats instead of a red. Riesling the aristocrat of Lux-embourg's wines, is fine, dry and fragrant and goes well with most dishes or on its own. Traminer, a mild wine with a high alcohol content, is another

quality wine with a slightly spicy bouquet.

sparkling wines which at their best can rival some of the are originated. Wine drinkers argua

tic fresh and fruity taste.
Although 1986 is likely to produce abundant amounts, the
quality is unlikely to be as high as in 1981 or 1983, both very good years, or last year, which is already being described as an excellent vintage, Luxembourg has strict con-

trols over the quality of its wine. The Marque Nationale system of testing wines was first set up in 1935, and most bottles now carry the distinctive oval label on the neck which is a guarantee of quality.

The semi-state wina office also awards three higher men-

tions for wines of higher quality: "Vin classe" for selected In addition, there is a small wines, "Premier cru" for high amount of Pinet Neir, a light, quality wines, and "Grand pre-rose wine, and several excellent mier cru" for the finest of the country's wines.
Wines also carry the nama of

Sylvaner grapes. It is a mild, dry normally drunk young, while endlessly about their preferred they still have their characteris- spot, but Wormeldange is spot, but Wormeldange is undonbtedly the country's Riesling capital.
Undoubtedly the best way to

discover your favourite is to fol-low the "wine road," from Was-serbillig to Schengen, on the border with France and Ger-many. But if time is short, here are a few suggestions: 1963 Ries-ling Wormeldange Köppchen Grand Premier Cru; 1983 Pinot Blanc Markusberg Grand Pre-mier Cru; 1983 Auxerrois Wor-meldange Pietert Grand Pre-mier Cru; 1985 Riesling Fels-

berg Grand Presider Gru, 1985 Gewürztraminer Markusberg, If you are not's whoe drinker, do not despair. Euxembourg boasts a beer industry which traces its history back to the Middle Ages. Today five breweries prodoce enough to satisfy the Luxembourger's thirst for an average of more

Special Correspondent

## Where to stay and where to eat

THE WEALTH of Luxembourg is reflected in the number of cars on the roads—officially estimated at 184,000 for a population of 360,000. Traffic, especially in Luxembourg City, can be heavy.

Times to avoid are between 7.30 and 9 am and 4.30 to 6 pm anyone trying to catch a train or a flight at these hours should allow np to an extra quarter of an hour to get to the station or the airport.

Taxis are nnmerous, though it

is impossible to flag one down on the street. Regular taxi stands can be found at the sta-tion or next to the main post office in the Avenne Monterey. The main firms are City-Tele-Taxis on 48 00 58 or Taxis-Colus

A taxi from the airport to the city centre costs about LFr 500 and takes about 15 minutes. A between the airport and the sta-tion—closer to the night clubs than the banks—and costs LFr

120.
Major hotels run a regular minihus service from the airport, free for hotel guests though a small charge is made Main hotels in Luxembourg

Le Royal, 12 Boulevard Royal (Tel 41616, Telex 2979). A new



swimming pool Good restaurant and buffet breakfast, restaurant and buffet breakfast, cocktail bar and night club.

Cravat. 29 Bonlevard Roosevelt (Tel 21975, Telex 2846). An older, family run hotel with four stars and old-world charm. Excellent views and repntable restaurant and wine cellar. Close to all the benks.

Near Livembourg eiter.

Near Luxembourg city:
Intercontinental, Rue Jean
Engling (Tel 43 78 1, Telex 3754).
Five stars. Situated on a hill
outside town, with excellent
views. About 15 to 20 minutes from town or the European Purllament. Health club with pool Good

Nevotel-Alvisse Pare Hotel, for the visiting businessmen, 120 Route d'Echternach (Tel 43 and are priced accordingly. It is 56 43, Telex 1418). Four stars, often worth travelling outside About 10 minutes outside town the town for a meal.

swimming pool.

Heliday Inn, Rne de Fort, Centre Europpen (Tel 43 77 61,
Telex 2751). One of the chain.
Four stars and directly opposite the European Parliament and the European Court of Justice. Country hotels:
Simmer, 115 Route de Mosalie,
Ehnen (Tel 76030). Delightful
hotel on banks of the Moselle, in

the heart of Luxembonrg's vineyards. Favoured by diplomats and Luxembourgers alike.
The restanrant is rightly renowned, with excellent fish and a good wine cellar which has won it a Michelin star.
About an hour's drive from Luxembourg city. embourg city.

Restaurants

LUXEMBOURG City is an excellent place to eat and drink. But the city centre restaurants cater

with own swimming pool.

Acrogolf Sheraton, Route de
Treves (Tel 34571, Telex 2662). A
modern, four-star hotel in its
own grounds next to the airport
and, as the name suggests, close
to the golf course. About 15
minutes from town by car, but
the hotel runs regular minibuses. Own jogging path and
swimming pool.

LUXEMBOURG CITY:

St Michel, 32 Rna de l'Eau (Tel
25215). Tucked into the old town,
the St Michel has tars. Food is
undonbtedly good and service
attentive, hnt pricy. Booking
essential.

Bouronviller, 138 Rna Albert
Unden (Tel 47 22 59). No Michelin stars, and unlikely to have
any as the owner has cut rela-

lin stars, and unlikely to have any as the owner has cut relahe consodered unfair gra But the French couple who run the restaurant produce very good nouvella cuisine in a

relaxed atmosphere with a lovely view. Booking recom-mended.

Hiertz, I Rua Clairefontaine, Diekirch (Tel 803562). Another two Michelin stars. "Mother Helen" turned the Hiertz into the centre of Luxembourg gas-tronomy. In the four years since Antonio Pretti took over, traditions have been maintained. Traditional French cooking of the finest, and there are always rooms in the hotel. Booking recommended. About 50 minutes from Luxembourg city.

La Bergerie, at Geyersdorf (Tel 79464). Two Michelin stars. About five kilometres before Echternach, fine nouvelle culsine in an old farm setting. Antonio Pretti took over, tradi-

Echternach, fine nouvelle culsine in an old farm setting culsine in an old farm setting.

deep in the forest. Booking essential About an hour from Luxembourg centre.

## For your international meetings: the airline of Luxembourg

Daily: 4 x Frankfurt, 3 x Paris, 2 x London, 2 x Zurich, 2 x Geneva Weekly: 6 x Copenhagen, 5 x Amsterdam, 3 x Rome, 1 x Nice

For all information contact your travel agent or Luxair, L-2987 Luxembourg

